

**SERIAL 210192-RFP ARIZONA@WORK MARICOPA COUNTY YOUTH PROGRAM SERVICES
Contract - Chicanos Por La Causa, Inc.**

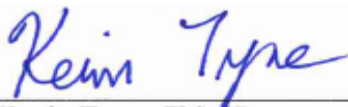
DATE OF LAST REVISION: January 26, 2022 CONTRACT END DATE: June 30, 2023

CONTRACT PERIOD THROUGH JUNE 30, 2023

TO: All Departments
FROM: Office of Procurement Services
SUBJECT: Contract for **ARIZONA@WORK MARICOPA COUNTY YOUTH PROGRAM
SERVICES**

Attached to this letter is published an effective purchasing contract for products and/or services to be supplied to Maricopa County activities as awarded by Maricopa County on **January 26, 2022**

All purchases of products and/or services listed on the attached pages of this letter are to be obtained from the vendor holding the contract. Individuals are responsible to the vendor for purchases made outside of contracts. The contract period is indicated above.



Kevin Tyne, Chief Procurement Officer
Office of Procurement Services

IG/mm
Attach

Copy to: Office of Procurement Services
Virginia Sturgill, Human Services Department

(Please remove Serial 16026-RFP from your contract notebooks)



CONTRACT ARIZONA@WORK MARICOPA COUNTY YOUTH PROGRAM SERVICES 210192-RFP

This contract is entered into this 26th day of January 2022 by and between Maricopa County ("County"), a political subdivision of the State of Arizona, and Chicanos Por La Causa, Inc., an Arizona corporation ("Contractor") to provide one or more service strategies for any of the fourteen Workforce Innovation and Opportunity Act (WIOA) Youth Program service elements that address employment and educational needs of the County youth served by the County (excluding the City of Phoenix).

1.0 CONTRACT TERM

1.1 This contract is for a term of 1 year and 6 months, beginning on the 26th of January 2022 and ending the 30th of June 2023.

2.0 OPTION TO RENEW

The County may, at its option and with the concurrence of the Contractor, renew the term of this contract up to a maximum of three additional year(s), (or at the County's sole discretion, extend the contract on a month-to-month basis for a maximum of six months after expiration). The Contractor shall be notified in writing by the Office of Procurement Services of the County's intention to renew the contract term at least 60 calendar days prior to the expiration of the original contract term.

DEFINITIONS AND ACRONYMS

The following definitions apply to this Request for Proposals and any contract awarded.

Assistance Listing Number (ALN) formerly known as is also referred to as the Catalog of Federal Domestic Assistance (CFDA), are related to are related to Federal programs, projects, services, and activities that provide assistance or benefits to the American public.

ADA: Americans with Disabilities Act

AJC: Arizona Job Connection

Alternative secondary school services: Provides specialized, structured curriculum inside or outside of the public school system which may provide work/study and/or academic intervention for students with behavior problems, physical/mental disabilities, who are at-risk of dropping out, who are institutionalized or adjudicated youth and/or youth who may be in foster care and are residing in an institution.

Arizona Job Connection (AJC): The state's database system used for entering and tracking Workforce Innovation and Opportunity Act (WIOA) participants' enrollment and case management activities.

ARIZONA@WORK Maricopa County One Stop System: The mandated and non-mandated partners under the Workforce Innovation and Opportunity Act.

Barriers to Employment: Circumstances which present a substantial disability or interference to the individual's ability to obtain or retain employment.

Basic Education Skills: Academic skills and abilities necessary and/or beneficial for a person to function successfully in an employment environment.

Basic Skills Deficient: The individual computes or solve problems, reads, writes, or speaks English at or below the 8.9 grade level or is unable to compute or solve problems, read, write, or speak English at a level necessary to function on the job, in the individual's family, or in society.

Career Exploration: A service offering exploration activities to assist the individual in decision-making and goal setting who may have experienced unstable or limited work history, limited knowledge of career options and opportunities, or indecision as to vocational training and/or employment career paths.

Case Management: A client-centered process through which the individual applying for and/or receiving services is determined in need of appropriate services and/or benefits which are identified, planned, obtained, provided, recorded, monitored, terminated, and follow-up provided where and when appropriate. Any referrals with other youth agencies or partners shall be documented and coordinated to ensure youth receives appropriate resources and services.

Catalog of Federal Domestic Assistance (CFDA): Government-wide listing of Federal programs, projects, services, and activities which provide assistance or benefits to the American public.

Contract Administrator means the person administering this agreement on behalf of Maricopa County Human Services Department (MCHSD). This person may be the designated liaison between the MCHSD and the contractor and responsible for contract monitoring and technical assistance.

Cost Reimbursement: Contract with a line item budget based on all authorized and legitimate costs to be incurred by the contractor in carrying out the approved activities. The contractor is reimbursed for actual expenses according to the approved line item budget.

Counseling: Process of supportive intervention and/or guidance which assists participants to recognize their needs, opportunities, strengths, and/or limitations; to make decisions and to follow a course of action that is beneficial to the participant.

Credential: Nationally recognized degree or certificate or state/locally recognized formal documentation of successful attainment of measurable skills such as technical or occupational. Credentials include, but are not limited to, a high school diploma, General Equivalency Degree (GED) or other recognized equivalents, post-secondary degrees/certificates, recognized skill standards, and licensure or industry-recognized certificates.

DES: Department of Economic Security

Disconnected Youth: Youth age 14 to 24 who is not engaged in education and/or employment.

Diploma: Credential that the Arizona State Department of Education accepts as a secondary school diploma or equivalent to a high school diploma.

Drop-out: Individual who is not attending any school and who has not received a high school diploma, GED certificate, or equivalent.

Dropout prevention: Strategies or interventions that address programs for youth who are at-risk of dropping out of school. Dropout prevention strategies help ensure that youth stay in school to get their high school diploma and continue with postsecondary education, both of which are vital to their long-term chances for successful employment.

EFL: Educational Functioning Level

ELL: English Language Learner

GED: General Equivalency Degree

ISS: Individual Service Strategy

Individual Service Strategy (ISS): Individual competency-based training plan for a youth participant which shall include an age appropriate employment/training goal, appropriate achievement objectives, and the appropriate combination of services, education, and training for the youth based on the data provided by objective assessment. Decisions made and outlined within the ISS are to be done in partnership with the participant and need to incorporate the mandated WIOA program elements and include short term and long-term goals. Goals on an ISS will be time framed from registration until follow-up services are completed.

ITAs: Individual Training Accounts

In-School Youth: Individual who is—(i) attending school (as defined by State law), including secondary and postsecondary school; (ii) not younger than age 14 or (unless an individual with a disability who is attending school under State law) older than age 21 at time of enrollment; (iii) a low-income individual; **and** (iv) one or more of the following: (I) Basic skills deficient. (II) An English language learner. (III) An offender. (IV) A homeless individual, a homeless child or youth, a runaway, in foster care or has aged out of the foster care system who has attained 16 years of age and left foster care for kinship guardianship or adoption, , a child eligible for assistance under section 477 of the Social Security Act (42 U.S.C. 677), or in an out-of-home placement. (V) Pregnant or parenting. (VI) A youth who is an individual with a disability. (VII) An individual who requires additional assistance to complete an educational program or to secure or hold employment.

Instruction: Refers to academic instruction that leads to completion of the requirements for a secondary school diploma or its recognized equivalent.

Key Personnel: Experienced personnel, capable of and devoted to the successful accomplishment of work to be performed under this contract.

Leadership development: Broad set of activities that encourage responsibility, employability, career awareness, professional communication, and becoming productive citizens.

MCHSD: Maricopa County Human Services Department

Occupational Skills: Participant had demonstrated proficiency in those technical occupational skills necessary to maintain employment in a certain occupation or occupational cluster.

On-the-Job Training (OJT): Training opportunities provided to youth while employed. Agreements with private or public sector employers willing to hire participants and provide them with the training so that participants can attain the occupational skills needed for full and adequate performance of the job. OJT must be meaningful and productive work for the participants.

Participant: Individual who is determined eligible to participate in the WIOA youth program and who receives a service funded by WIOA.

Postsecondary Education: The education level that follows the successful completion of secondary education, often referred to as high school. Postsecondary education includes universities and colleges, as well as trade and vocational schools.

Post-Test: Test administered to a participant at regular intervals during the program to measure progress in one or more of the following areas: basic skills, work readiness skills, and occupational skill.

Pre-Test: Initial test administered to a participant to determine need in one or more of the following areas: basic skills, work readiness, and occupational skills.

Provider: Contractor and/or subcontractor providing services required by this agreement.

Qualified Apprenticeship: Program approved and recorded by the ETA/Bureau of Apprenticeship and Training (BAT) or by a recognized state apprenticeship agency (i.e. State Apprenticeship Council). Approval is by certified registration or other appropriate written credential.

Study skills training: Set of abilities that allow youth to learn effectively and efficiently on their own. Good study skills allow a youth to do well in all phases of education and to make all phases of life an opportunity for learning. To become a life-long learner, youth must know how to learn.

Transition to postsecondary education and training: Activities are a comprehensive combination of rigorous coursework along with counseling, ongoing assessment, financial aid, and other supports to keep struggling students on track for high school graduation and post-secondary success.

Tutoring: Teaching relationship that focuses on specific academic areas and is an effective practice for addressing specific needs. Tutoring helps youth succeed in school by offering individualized or group instruction that youth need in structured sessions held regularly by a qualified tutor who monitors and reinforces the youth's progress.

United States Department of Labor (USDOL): Federal department (agency) that regulates and funds State workforce activities under the Workforce Innovation and Opportunity Act (WIOA).

Unsubsidized Employment: Employment not financed from funds provided under the grant. In the grant program the term "adequate" or "suitable" employment is also used to mean placement in unsubsidized employment which pays an income adequate to accommodate the participant's minimum economic needs.

Vocational Assessment: Method of determining present vocational skill levels, interests, aptitudes, and values and the ability to benefit from WIOA Youth services; for early identification of barriers to education and employment and to assist in establishing program goals.

Vocational Counseling: Process of supportive intervention and guidance which assists participants in dealing with such issues as employment, education/occupational training and career paths. In addition, vocational counseling addresses and attempts to empower individuals in making career decisions and in removing barriers which may prevent the attainment of employment and/or education through the provision of referrals to support services when appropriate. Vocational counseling is not behavioral health counseling.

WDB: Workforce Development Board

Workforce Innovation and Opportunity Act (WIOA): Act that was signed into law on July 22, 2014, and is designed to help job seekers access employment, education, training, and support services to succeed in the labor market and to match employers with the skilled workers they need to compete in the global economy.

Work Readiness Goals: Measurable increase in work readiness skills including world-of-work awareness, labor market knowledge, decision making, and job search techniques, survival/daily living skills, positive work habits, attitudes, and behaviors, motivation and adaptability, and obtaining effective coping and problem-solving skills.

3.0 CONTRACT COMPLETION

In preparation for contract completion, the Contractor shall make all reasonable efforts for an orderly transition of its duties and responsibilities to another provider and/or to the County. This may include, but is not limited to, preparation of a transition plan and cooperation with the County or other providers in the transition. The transition includes the transfer of all records and other data in the possession, custody, or control of the Contractor that are required to be provided to the County either by the terms of this agreement or as a matter of law. The provisions of this clause shall survive the expiration or termination of this agreement.

4.0 PRICE ADJUSTMENTS

Any requests for reasonable price adjustments must be submitted 60 calendar days prior to contract expiration. Requests for adjustment in cost of labor and/or materials must be supported by appropriate documentation. The reasonableness of the request will be determined by comparing the request with the Consumer Price Index or by performing a market survey. If County agrees to the adjusted price terms, County shall issue written approval of the change and provide an updated version of the contract. The new change shall not be in effect until the date stipulated on the updated version of the contract.

5.0 PAYMENTS

5.1 As consideration for performance of the duties described herein, County shall pay Contractor the sum(s) stated in Exhibit A-1 – Cost Summary/Pricing.

5.2 This Contract is awarded on a cost reimbursement basis. Services are funded by Catalog of Federal Domestic Assistance (CFDA) WIOA Title I Youth-CFDA 17.259 and in accordance with 29 CFR 97.21.

5.3 Payment shall be made upon the County’s receipt of a properly completed invoice.

5.4 INVOICES

5.4.1 The Contractor shall submit one legible copy of their detailed invoice before payment(s) will be made. Incomplete invoices will not be processed. At a minimum, the invoice must provide the following information:

- Company name, address and contact
- County bill-to name and contact information
- Contract serial number
- County purchase order number
- Unique invoice number and
- Invoice date
- Payment terms
- Date or date range of service delivery
- Description of purchase (product or services)
- Total amount due

5.4.2 Program staff will provide training on the formatting for the invoice backup detail for awarded vendors. Information needed on the invoice backup detail includes but is not limited to:

- Service element
- Youth’s name
- Youth’s AJC participant ID
- Staff hours worked
- Youth hours worked (for work experience activities)
- Hourly rate
- Date(s) of service
- Total cost per client
- Total cost of services for invoice

5.4.3 Contractors must provide a cost per unit of service and shall be reimbursed after services have been provided.

5.4.4 Problems regarding billing or invoicing shall be directed to the department as listed on the purchase order.

- 5.4.5 Problems regarding billing or invoicing shall be directed to the department as listed on the purchase order.
- 5.4.6 Payment shall only be made to the Contractor by Accounts Payable through the Maricopa County Vendor Express Payment Program. This is an electronic funds transfer (EFT) process. After contract award, the Contractor shall complete the Vendor Registration Form accessible from the County Department of Finance Vendor Registration Web Site <https://www.maricopa.gov/5169/Vendor-Information>.
- 5.4.7 Discounts offered in the contract shall be calculated based on the date a properly completed invoice is received by the County.
- 5.4.8 EFT payments to the routing and account numbers designated by the Contractor shall include the details on the specific invoices that the payment covers. The Contractor is required to discuss remittance delivery capabilities with their designated financial institution for access to those details.
- 5.4.9 Invoices shall be submitted to: HSDFinance@Maricopa.gov

5.5 APPLICABLE TAXES

- 5.5.1 It is the responsibility of the Contractor to determine any and all applicable taxes and include those taxes in their proposal. The legal liability to remit the tax is on the entity conducting business in Arizona. Tax is not a determining factor in contract award.
- 5.5.2 The County will look at the price or offer submitted and will not deduct, add, or alter pricing based on speculation or application of any taxes, nor will the County provide Contractor any advice or guidance regarding taxes. If you have questions regarding your tax liability, seek advice from a tax professional prior to submitting your bid. You may also find information at <https://www.azdor.gov/Business.aspx>. Once your bid is submitted, the offer is valid for the time specified in this solicitation, regardless of mistake or omission of tax liability. If the County finds overpayment of a project due to tax consideration that was not due, the Contractor will be liable to the County for that amount, and by contracting with the County agrees to remit any overpayments back to the County for miscalculations on taxes included in a bid price.
- 5.5.3 Tax Indemnification: Contractor and all subcontractors shall pay all Federal, State, and local taxes applicable to their operation and any persons employed by the Contractor. Contractor shall, and require all subcontractors to, hold Maricopa County harmless from any responsibility for taxes, damages, and interest, if applicable, contributions required under Federal and/or State and local laws and regulations, and any other costs including: transaction privilege taxes, unemployment compensation insurance, Social Security, and workers' compensation. Contractor may be required to establish, to the satisfaction of County, that any and all fees and taxes due to the City or the State of Arizona for any license or transaction privilege taxes, use taxes, or similar excise taxes are currently paid (except for matters under legal protest).

6.0 AVAILABILITY OF FUNDS

- 6.1 The provisions of this contract relating to payment for services shall become effective when funds assigned for the purpose of compensating the Contractor as herein provided are actually available to County for disbursement. The County shall be the sole judge and authority in determining the availability of funds under this contract. County shall keep the Contractor fully informed as to the availability of funds.

6.2 If any action is taken by, any State agency, Federal department, or any other agency or instrumentality to suspend, decrease, or terminate its fiscal obligations under, or in connection with, this contract, County may amend, suspend, decrease, or terminate its obligations under, or in connection with, this contract. In the event of termination, County shall be liable for payment only for services rendered prior to the effective date of the termination, provided that such services are performed in accordance with the provisions of this contract. County shall give written notice of the effective date of any suspension, amendment, or termination under this section, at least 10 days in advance.

7.0 STRATEGIC ALLIANCE for VOLUME EXPENDITURES (SAVE)

The County is a member of the SAVE cooperative purchasing group. SAVE includes the State of Arizona, many Phoenix metropolitan area municipalities, and many K-12 unified school districts. Under the SAVE Cooperative Purchasing Agreement, and with the concurrence of the successful respondent under this solicitation, a member of SAVE may access a contract resulting from a solicitation issued by the County. If contractor does not want to grant such access to a member of SAVE, state so in contractor's bid. In the absence of a statement to the contrary, the County will assume that contractor does wish to grant access to any contract that may result from this bid. The County assumes no responsibility for any purchases by using entities.

8.0 INTERGOVERNMENTAL COOPERATIVE PURCHASING AGREEMENTS (ICPAs)

County currently holds ICPAs with numerous governmental entities. These agreements allow those entities, with the approval of the Contractor, to purchase their requirements under the terms and conditions of the County contract. It is the responsibility of the non-County government entity to perform its own due diligence on the acceptability of the contract under its applicable procurement rules, processes, and procedures. Certain governmental agencies may not require an ICPA and may utilize this contract if it meets their individual requirements. Other governmental agencies may enter into a separate Statement of Work with the Contractor to meet their own requirements. The County is not a party to any uses of this contract by other governmental entities.

9.0 DUTIES

9.1 The Contractor shall perform all duties stated in Exhibit B – Scope of Work, or as otherwise directed in writing by the procurement officer.

10.0 TERMS AND CONDITIONS

10.1 INDEMNIFICATION

10.1.1 To the fullest extent permitted by law, and to the extent that claims, damages, losses, or expenses are not covered and paid by insurance purchased by the contractor, the contractor shall defend, indemnify, and hold harmless the County (as Owner), its agents, representatives, officers, directors, officials, and employees from and against all claims, damages, losses, and expenses (including, but not limited to attorneys' fees, court costs, expert witness fees, and the costs and attorneys' fees for appellate proceedings) arising out of, or alleged to have resulted from, the negligent acts, errors, omissions, or mistakes relating to the performance of this contract.

10.1.2 Contractor's duty to defend, indemnify, and hold harmless the County, its agents, representatives, officers, directors, officials, and employees shall arise in connection with any claim, damage, loss, or expense that is attributable to bodily injury, sickness, disease, death, or injury to, impairment of, or destruction of tangible property, including loss of use resulting therefrom, caused by negligent acts, errors, omissions, or mistakes in the performance of this contract, but only to the extent caused by the negligent acts or omissions of the contractor, a subcontractor, anyone directly or indirectly employed by them, or anyone for

whose acts they may be liable, regardless of whether or not such claim, damage, loss, or expense is caused in part by a party indemnified hereunder.

10.1.3 The amount and type of insurance coverage requirements set forth herein will in no way be construed as limiting the scope of the indemnity in this section.

10.1.4 The scope of this indemnification does not extend to the sole negligence of County.

10.2 INSURANCE

10.2.1 Contractor, at Contractor's own expense, shall purchase and maintain, at a minimum, the herein stipulated insurance from a company or companies duly licensed by the State of Arizona and possessing an AM Best, Inc. category rating of B++. In lieu of State of Arizona licensing, the stipulated insurance may be purchased from a company or companies, which are authorized to do business in the State of Arizona, provided that said insurance companies meet the approval of County. The form of any insurance policies and forms must be acceptable to County.

10.2.2 All insurance required herein shall be maintained in full force and effect until all work or service required to be performed under the terms of the contract is satisfactorily completed and formally accepted. Failure to do so may, at the sole discretion of County, constitute a material breach of this contract.

10.2.3 In the event that the insurance required is written on a claims-made basis, Contractor warrants that any retroactive date under the policy shall precede the effective date of this contract and either continuous coverage will be maintained, or an extended discovery period will be exercised for a period of two years beginning at the time work under this contract is completed.

10.2.4 Contractor's insurance shall be primary insurance as respects County, and any insurance or self-insurance maintained by County shall not contribute to it.

10.2.5 Any failure to comply with the claim reporting provisions of the insurance policies or any breach of an insurance policy warranty shall not affect the County's right to coverage afforded under the insurance policies.

10.2.6 The insurance policies may provide coverage that contains deductibles or self-insured retentions. Such deductible and/or self-insured retentions shall not be applicable with respect to the coverage provided to County under such policies. Contractor shall be solely responsible for the deductible and/or self-insured retention and County, at its option, may require Contractor to secure payment of such deductibles or self-insured retentions by a surety bond or an irrevocable and unconditional letter of credit.

10.2.7 The insurance policies required by this contract, except Workers' Compensation and Errors and Omissions, shall name County, its agents, representatives, officers, directors, officials, and employees as additional insureds.

10.2.8 The policies required hereunder, except Workers' Compensation and Errors and Omissions, shall contain a waiver of transfer of rights of recovery (subrogation) against County, its agents, representatives, officers, directors, officials, and employees for any claims arising out of Contractor's work or service.

10.2.9 If available, the insurance policies required by this contract may be combined with Commercial Umbrella Insurance policies to meet the minimum limit requirements. If a Commercial Umbrella insurance policy is utilized to meet insurance requirements, the Certificate of Insurance shall indicate which lines the Commercial Umbrella Insurance covers.

10.2.9.1 Commercial General Liability

Commercial General Liability (CGL) insurance and, if necessary, Commercial Umbrella insurance with a limit of not less than \$2,000,000 for each occurrence, \$4,000,000 Products/Completed Operations Aggregate, and \$4,000,000 General Aggregate Limit. The policy shall include coverage for premises liability, bodily injury, broad form property damage, personal injury, products and completed operations and blanket contractual coverage, and shall not contain any provisions which would serve to limit third party action over claims. There shall be no endorsement or modifications of the CGL limiting the scope of coverage for liability arising from explosion, collapse, or underground property damage.

10.2.9.2 Workers' Compensation

10.2.9.2.1 Workers' compensation insurance to cover obligations imposed by Federal and State statutes having jurisdiction of Contractor's employees engaged in the performance of the work or services under this contract; and Employer's Liability insurance of not less than \$1,000,000 for each accident, \$1,000,000 disease for each employee, and \$1,000,000 disease policy limit.

10.2.9.2.2 Contractor, its subcontractors, and sub-subcontractors waive all rights against this contract and its agents, officers, directors, and employees for recovery of damages to the extent these damages are covered by the workers' compensation and Employer's Liability or Commercial Umbrella Liability insurance obtained by Contractor, its subcontractors, and its sub-subcontractors pursuant to this contract.

10.2.9.3 Errors and Omissions/Professional Liability Insurance

Errors and Omissions (Professional Liability) insurance which will insure and provide coverage for errors or omissions or professional liability of the contractor, with limits of no less than \$2,000,000 for each claim.

10.2.9.4 Sexual Molestation and Physical Abuse

The policy shall be endorsed to include coverage for sexual molestation and physical abuse at limits not less than \$2,000,000.00 per occurrence and \$4,000,000.00 aggregate. These limits may be included within a General Liability policy, Professional Liability policy or provided by separate endorsement with its own limits as required. Contractor must provide the following statement on their Certificate(s) of Insurance: "Sexual molestation and physical abuse coverage is included." Policies/certificates stating that "Sexual molestation and physical abuse coverage is not excluded" do not meet this requirement.

10.2.10 Certificates of Insurance

10.2.10.1 Prior to contract award, Contractor shall furnish the County with valid and complete Certificates of Insurance, or formal endorsements as required by the contract in the form provided by the County, issued by Contractor's insurer(s), as evidence that policies providing the required

coverage, conditions and limits required by this contract are in full force and effect. Such certificates shall identify this contract number and title.

10.2.10.2 In the event any insurance policy(ies) required by this contract is (are) written on a claims-made basis, coverage shall extend for two years past completion and acceptance of Contractor's work or services and as evidenced by annual certificates of insurance.

10.2.10.3 If a policy does expire during the life of the Contract, a renewal certificate must be sent to County 15 calendar days prior to the expiration date.

10.2.10.4 Certificates of Insurance shall identify Maricopa County as the certificate holder as follows:

Maricopa County
c/o Risk Management
301 W Jefferson St, Suite 910
Phoenix, AZ 85003

10.2.11 Cancellation and Expiration Notice

Applicable to all insurance policies required within the insurance requirements of this contract, Contractor's insurance shall not be permitted to expire, be suspended, be canceled, or be materially changed for any reason without 30 days prior written notice to Maricopa County. Contractor must provide to Maricopa County, within two business days of receipt, if they receive notice of a policy that has been or will be suspended, canceled, materially changed for any reason, has expired, or will be expiring. Such notice shall be sent directly to Maricopa County Office of Procurement Services and shall be mailed, or hand delivered to 160 S. 4th Avenue, Phoenix, AZ 85003, or emailed to the procurement officer noted in the solicitation.

10.3 FORCE MAJEURE

10.3.1 Neither party shall be liable for failure of performance, nor incur any liability to the other party on account of any loss or damage resulting from any delay or failure to perform all or any part of this contract, if such delay or failure is caused by events, occurrences, or causes beyond the reasonable control and without negligence of the parties. Such events, occurrences, or causes include, but are not limited to, acts of God/nature (including fire, flood, earthquake, storm, hurricane, or other natural disaster), war, invasion, act of foreign enemies, hostilities (whether war is declared or not), civil war, riots, rebellion, revolution, insurrection, military or usurped power or confiscation, terrorist activities, nationalization, government sanction, lockout, blockage, embargo, labor dispute, strike, and interruption or failure of electricity or telecommunication service, and pandemic.

10.3.2 Each party, as applicable, shall give the other party notice of its inability to perform and particulars in reasonable detail of the cause of the inability. Each party must use best efforts to remedy the situation and remove, as soon as practicable, the cause of its inability to perform or comply.

10.3.3 The party asserting Force Majeure as a cause for non-performance shall have the burden of proving that reasonable steps were taken to minimize delay or damages caused by foreseeable events, that all non-excused obligations were substantially fulfilled, and that the other party was timely notified of the likelihood or actual occurrence which would justify such an assertion, so that other prudent precautions could be contemplated.

10.4 NO MINIMUM OR MAXIMUM PURCHASE OBLIGATION

This contract does not guarantee any minimum or maximum purchases will be made. Orders will only be placed under this contract when the County identifies a need and proper authorization and documentation have been approved.

10.5 PURCHASE ORDERS

10.5.1 County reserves the right to cancel purchase orders within a reasonable period of time after issuance. Should a purchase order be canceled, the County agrees to reimburse the Contractor for actual and documentable costs incurred by the Contractor in response to the purchase order. The County will not reimburse the Contractor for any costs incurred after receipt of County notice of cancellation, or for lost profits, or for shipment of product prior to issuance of purchase order.

10.5.2 Contractor agrees to accept verbal notification of cancellation of purchase orders from the County procurement officer with written notification to follow. Contractor specifically acknowledges to be bound by this cancellation policy.

10.6 BACKGROUND CHECK

Respondents may be required to pass multiple background checks (e.g. Sheriff's Office, County Attorney's Office, Courts, as well as Maricopa County general government) to determine if the respondent is acceptable to do business with the County. This applies to, but is not limited to, the company, subcontractors, and employees, and the failure to pass these checks shall deem the respondent non-responsible.

10.7 BACKGROUND CHECKS FOR EMPLOYMENT THROUGH THE CENTRAL REGISTRY
By providing direct services to children or vulnerable adults, the following shall apply:

10.7.1 The provisions of A.R.S. § 8-804 (as may be amended) are hereby incorporated in its entirety as provisions of this Award.

10.7.2 The Awardee will conduct Central Registry Background Checks and will use the information contained in the Central Registry as a factor to determine qualifications for positions that provide direct service to children or vulnerable adults for:

10.7.2.1 Any Agency who applies for a contract with the County and that Agency's employees.

10.7.2.2 All employees of an Awardee.

10.7.2.3 Prospective employees of the Awardee at the request of the prospective employer.

10.7.3 Volunteers who provide direct services to children or vulnerable adults shall have a Central Registry Background Check which is to be used as a factor to determine qualifications for volunteer positions.

10.7.4 A person who is disqualified because of a Central Registry Background Check may apply to the Board of Fingerprinting for a Central Registry exception pursuant to A.R.S. § 41-619.57. A person who is granted a Central Registry exception pursuant to A.R.S. § 41-619.57 is not entitled to a Contract, employment, licensure, certification or other benefit because the person has been granted a Central Registry exception.

10.7.5 Before being employed or volunteering in a position that provides direct services to children or vulnerable adults, persons shall certify on forms that are provided by the MCHSD CSD whether an allegation of abuse or neglect was made against them and was substantiated. The completed forms are to be maintained by the Awardee as confidential.

10.7.6 A person awaiting receipt of the Central Registry Background Check may provide direct services to clients after the Awardee completes and submits to MCHSD CSD, formal confirmation on each employee the following information:

10.7.6.1 Name of Employee

10.7.6.2 Position Employee holds

10.7.6.3 Date of Hire

10.7.6.4 The person is not currently the subject of an investigation of child abuse or neglect in Arizona or another state or jurisdiction; and

10.7.6.5 The person has not been the subject of an investigation of child abuse or neglect in Arizona, or another state or jurisdiction, which resulted in a substantiated finding.

10.7.7 If the Central Registry Background Check specifies any disqualifying act and the person does not have a Central Registry exception, the person shall be prohibited from providing direct services to clients.

10.7.8 The Awardee shall maintain the Central Registry Background Check results and any related forms or documents in a confidential file for five (5) years after termination of this Award. For information on requesting a Search of Central Registry for Background Check visit this website: <http://www.azdps.gov/>

10.8 FINGERPRINTING

10.8.1 Awardee shall comply with, and shall ensure that all of Agency's employees, independent contractors, subcontractors, volunteers and other agents comply with, all applicable (current and future) legal requirements relating to fingerprinting, fingerprint clearance cards, certifications regarding pending or past criminal matters, and criminal records checks that relate to Award performance.

10.8.2 Applicable legal requirements relating to fingerprinting, certification, and criminal background checks may include, but are not limited, to the following: A.R.S. §§ 36-594.01, 36-3008, 41-1964, and 46-141. All applicable legal requirements relating to fingerprinting, fingerprint clearance cards, certifications regarding pending or past criminal matters, and criminal records checks are hereby incorporated in their entirety as provisions of this Award. The Awardee is responsible for knowing which legal requirements relating to fingerprinting, fingerprint clearance cards, certifications regarding pending or past criminal matters, and criminal records checks relate to Award performance.

10.8.3 To the extent A.R.S. § 46-141 is applicable to contract performance or the services provided under this Award, the following provisions apply:

10.8.4 Personnel who are employed by the Agency, whether paid or not, and who are required or allowed to provide services directly to juveniles or vulnerable adults shall have a valid fingerprint clearance card or shall apply for a fingerprint clearance card within seven working days of employment.

10.8.5 Except as provided in A.R.S. § 46-141, this Award may be cancelled or terminated immediately if a person employed by the Agency and who has contact with juveniles certifies pursuant to the provisions of A.R.S. § 46-141 (as may be amended) that the person is awaiting trial or has been convicted of any of the offenses listed therein in this State, or of acts committed in another state that would be offenses in this State, or if the person does not possess or is denied issuance of a valid fingerprint clearance card.

10.8.5.1 Federally recognized Indian tribes will submit and the MCHSD CSD shall accept certifications that state that no personnel who are employed or

who will be employed during the Award term have been convicted of, have admitted committing or are awaiting trial on any offense as described in A.R.S. § 36-594.01 (as may be amended).

10.9 DUNS NUMBER AND SYSTEM FOR AWARD MANAGEMENT REGISTRATION

Funding for activities under this contract are provided through federal Department of Labor. All Contractors that receive federal funding must obtain a Data Universal Numbering System (DUNS) number through <http://fedgov.dnb.com/webform>. Contractor must also be register and remain current with the System for Award Management (SAM) www.sam.gov a database of basic business information for contractors that receive federal funds.

10.10 RELIGIOUS ACTIVITIES

The Contractor agrees that costs, planned or claimed, including costs incurred, shall not include any expense for any religious activity.

10.11 POLITICAL ACTIVITY PROHIBITED

None of the funds, materials, property or services contributed by the County or the Contractor under the agreement shall be used in the performance of this agreement for any partisan political activity, or to further the election or defeat of any candidate for public office.

10.12 EQUAL EMPLOYMENT OPPORTUNITY

Contractors awarded a contract utilizing WIOA, Department of Labor Title I funds, assures that it will comply fully with the nondiscrimination and equal opportunity provisions of the following laws:

WIOA prohibits discrimination against all individuals in the United States on the basis of race, color, religion, sex, national origin, age, disability, political affiliation or belief, and against beneficiaries on the basis of either citizenship/status as a lawfully admitted immigrant authorized to work in the United States or participation in any WIOA Title I-financially assisted program or activity;

Title VI of the Civil Rights Act of 1964, as amended, which prohibits discrimination on the bases of race, color and national origin;

Section 504 of the Rehabilitation Act of 1973, as amended, which prohibits discrimination against qualified individuals with disabilities;

The Age Discrimination Act of 1975, as amended, which prohibits discrimination on the basis of age; and Title IX of the Education Amendments of 1972, as amended, which prohibits discrimination on the basis of sex in educational programs.

The Contractor also assures that it will comply with 29 CFR part 37 and all other regulations implementing the laws listed above. This assurance applies to the Contractor's operation of the WIOA Title I program or activity. Contractor shall include clauses to this effect in all agreements with subcontractors that provide WIA Title I programs or activities.

Contractor understands that the United States has the right to seek judicial enforcement of this assurance.

10.13 CERTIFICATION REGARDING LOBBYING

The Contractor certifies, to the best of their knowledge and belief, that:

No Federal appropriated funds have been paid or will be paid, by or on behalf of the Contractor, to any person for influencing or attempting to influence an officer or employee of any agency. This applies to a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant. Including the making of any Federal, loan the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.

If any funds other than Federal appropriated funds, have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.

The Contractor shall include Lobbying Certification language in the award documents for all subcontractors (including sub-grants, and contract under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.

This certification is a material representation of fact upon which reliance was placed when this transaction is made or entered into. Submission of this certification is prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U.S. Code. Any successful proposer(s) who fail to file the required certification shall be subject to a civil penalty of not less than \$10,000.00 and not more than \$100,000.00 for each such failure.

10.14 CLEAN AIR ACT & CLEAN WATER ACT

Contractor must comply with all applicable standards, orders, or requirements issued under section 306 of the Clean Air Act (42 U.S.C. 1857(h), section 508 of the Clean Water Act (33 U.S.C. 1368) Executive Order 11738, and Environmental Protection Agency regulations (40 CFR part 15).

10.15 ENERGY POLICY AND CONSERVATION ACT

Contractor must adhere to the standards and policies relating to energy efficiency; which are contained in the State energy conservation plan issued in compliance with the Energy Policy and Conservation Act (Pub. L. 94-163, 89 Stat.871).

10.16 COPELAND "ANTI-KICKBACK" ACT

Contractor is expected to comply with the Copeland "Anti-Kickback" Act (18 U.S.C.874) as supplemented in the Department of Labor regulations (29 CFR part 3). In as such this regulation applies to all contracts and sub grants for construction or repair.

10.17 DAVIS-BACON ACT

Contractor must comply with the Davis-Bacon Act (40 U.S.C. 276a to 276a-7) as supplemented by Department of Labor regulations (29 CFR Part 5) when required by Federal grant program legislation.

10.18 FINANCIAL MANAGEMENT

10.18.1 Each Contractor is required to submit a completed "Accounting Certification Accounting Packet Attachment F", now Exhibit E. Packet is to be completed by Contractor's Certified Public Accounting Agency. In accordance with 29 CFR 97.20 Contractor shall establish and maintain a special (separate) bank account for funds

provided under the agreement, or an accounting system that assures the safeguarding and accountability of all assets provided under the agreement. No part of the funds deposited in the special bank account shall be commingled with other funds of the Contractor. Any interest earned shall be disposed of in a manner specified by the County in accordance with applicable State and Federal regulations. If a separate bank account is established, the Contractor shall provide a signed special bank account agreement authorizing the County to obtain information about the account. If an accounting system is used, it shall be in accordance with generally accepted accounting principles.

10.18.2 The Contractor shall maintain a financial management system that meet the following standards:

10.18.2.1 Financial reporting. Accurate, current, and complete disclosure of the financial results of financially assisted activities must be made in accordance with the financial reporting requirements of the agreement.

10.18.2.2 Accounting records. The Contractor must maintain records which adequately identify the source and application of funds provided for financially-assisted activities. These records must contain information pertaining to the agreement and authorizations, obligations, unobligated balances, assets, liabilities, outlays or expenditures, and income.

10.18.2.3 Internal control. The Contractor shall maintain effective control and accountability for all agreement cash, real and personal property, and other assets. The Contractor must adequately safeguard all such property and must assure that it is used solely for authorized purposes.

10.18.2.4 Budget control. The Contractor must maintain actual expenditures or outlays compared with budgeted amounts for the agreement. Financial information must be related to performance or productivity data, including the development of unit cost information whenever appropriate or specifically required in the agreement. If unit cost data is required, estimates based on available documentation will be accepted whenever possible

10.18.2.5 Allowable cost. The Contractor must use applicable OMB Circular A-87 cost principles, agency program regulations, and the terms of the agreement will be followed in determining the reasonableness, allow ability, and allocability of costs.

10.18.2.6 Source documentation. Accounting records must be supported by such source documentation as cancelled checks, paid bills, payrolls, time and attendance records, contract and subcontract documents, etc.

10.19 DEBT COLLECTION AND AUDIT RESOLUTION

10.19.1 If at any time, County determines that a cost for which payment has been made is a disallowed cost, such as overpayment, County shall notify the Contractor in writing of the disallowance. County shall also state the means of correction, which may be but shall not be limited to adjustment of any future claim submitted by the Contractor by the amount of the disallowance, or to require repayment of the disallowed amount by the Contractor.

10.19.2 Contractor shall comply with P.L. 105-220 Sections 128, 133, and 184; 20 CFR Part 652, Subpart D,E and G; 20 CFR Part 667 Subparts D – H; 29 CFR Parts 95, 96, 97, and 99; OMB Circular A-21.

10.19.3 Contractor shall adhere to Federal Acquisition Regulation 97-03 Part 31; DES Policies 1-47-01 and 1-47-08; and Workforce Investment Act Guidance Letters #04-06, #09-06 and #18-06.

10.19.4 Among the required controls specified in Title 20 CFR Section 667.500(a) (2) is the process for collecting debts. Title 20 CFR 667.410(a) states it is the responsibility of the County to conduct regular oversight and monitoring of Contractor's WIA activities to determine whether expenditures made against the cost categories and within the cost limitations specified in WIA laws and regulations. Title 20 CFR 667.705 states:

10.19.5 Contractor is responsible for all funds under the agreement, and any agreements with subcontractors. The County shall hold all direct recipients (Contractors) liable for all expenditures of funds.

10.20 SANCTIONS AND CORRECTIVE ACTIONS

10.20.1 The Contractor agrees that the County may, based upon applicable laws or regulations, impose corrective action on the Contractor up to and including sanctions of funding provided for in this agreement. The imposition of any corrective action plan or sanctions shall be at the discretion of the Department. Actions which may lead to the provisions of this section include (but are not limited to):

10.20.1.1 Failure to perform the required tasks and activities for which the funding is provided.

10.20.1.2 Failure to achieve the stated performance goals and objectives in section.

10.20.1.3 Failure to maintain appropriate fiscal and programmatic records in accordance with the terms of the Agreement.

10.20.1.4 Failure to submit the required fiscal and performance reports.

10.21 ALTERNATIVE DISPUTE RESOLUTION

10.21.1 After the exhaustion of the administrative remedies provided in the Maricopa County Procurement Code, any contract dispute in this matter is subject to compulsory arbitration. Provided the parties participate in the arbitration in good faith, such arbitration is not binding and the parties are entitled to pursue the matter in state or federal court sitting in Maricopa County for a de novo determination on the law and facts. If the parties cannot agree on an arbitrator, each party will designate an arbitrator and those two arbitrators will agree on a third arbitrator. The three arbitrators will then serve as a panel to consider the arbitration. The parties will be equally responsible for the compensation for the arbitrator(s). The hearing, evidence, and procedure will be in accordance with Rule 74 of the Arizona Rules of Civil Procedure. Within ten (10) days of the completion of the hearing the arbitrator(s) shall:

10.21.1.1 Render a decision;

10.21.1.2 Notify the parties that the exhibits are available for retrieval; and

10.21.1.3 Notify the parties of the decision in writing (a letter to the parties or their counsel shall suffice).

10.21.2 Within ten (10) days of the notice of decision, either party may submit to the arbitrator(s) a proposed form of award or other final disposition, including any form of award for attorneys' fees and costs. Within five (5) days of receipt of the foregoing, the opposing party may file objections. Within ten (10) days of receipt of any objections, the arbitrator(s) shall pass upon the objections and prepare a signed award or other final disposition and mail copies to all parties or their counsel.

10.21.3 Any party which has appeared and participated in good faith in the arbitration proceedings may appeal from the award or other final disposition by filing an action in the state or federal court sitting in Maricopa County within twenty (20) days after date of the award or other final disposition. Unless such action is dismissed for failure to prosecute, such action will make the award or other final disposition of the arbitrator(s) a nullity.

10.22 SUSPENSION OF WORK

The procurement officer may order the Contractor, in writing, to suspend, delay, or interrupt all or any part of the work of this contract for the period of time that the procurement officer determines appropriate for the convenience of the County. No adjustment shall be made under this clause for any suspension, delay, or interruption to the extent that performance would have been so suspended, delayed, or interrupted by any other cause, including the fault or negligence of the Contractor. No request for adjustment under this clause shall be granted unless the claim, in an amount stated, is asserted in writing as soon as practicable after the termination of the suspension, delay, or interruption, but not later than the date of final payment under the contract.

10.23 STOP WORK ORDER

10.23.1 The procurement officer may, at any time, by written order to the Contractor, require the Contractor to stop all, or any part, of the work called for by this contract for a period of 90 calendar days after the order is delivered to the Contractor, and for any further period to which the parties may agree. The order shall be specifically identified as a stop work order issued under this clause. Upon receipt of the order, the Contractor shall immediately comply with its terms and take all reasonable steps to minimize the incurrence of costs allocable to the work covered by the order during the period of work stoppage. Within a period of 90 calendar days after a stop work order is delivered to the Contractor, or within any extension of that period to which the parties shall have agreed, the procurement officer shall either:

10.10.1.1 cancel the stop work order; or

10.10.1.2 terminate the work covered by the order as provided in the Termination for Default or the Termination for Convenience clause of this contract.

10.10.1.3 The procurement officer may make an equitable adjustment in the delivery schedule and/or contract price, and the contract shall be modified, in writing, accordingly, if the Contractor demonstrates that the stop work order resulted in an increase in costs to the Contractor

10.24 TERMINATION FOR CONVENIENCE

Maricopa County may terminate the resultant contract for convenience by providing 60 calendar days advance notice to the Contractor.

10.25 TERMINATION FOR DEFAULT

10.25.1 The County may, by written Notice of Default to the Contractor, terminate this contract in whole or in part if the Contractor fails to:

10.25.1.1 deliver the supplies or to perform the services within the time specified in this contract or any extension;

10.25.1.2 make progress, so as to endanger performance of this contract;

or

10.25.1.3 perform any of the other provisions of this contract.

10.25.2 The County's right to terminate this contract under these subparagraphs may be exercised if the Contractor does not cure such failure within 10 business days (or more if authorized in writing by the County) after receipt of a Notice to Cure from the procurement officer specifying the failure.

10.26 PERFORMANCE

It shall be the Contractor's responsibility to meet the proposed performance requirements. Maricopa County reserves the right to obtain services on the open market in the event the Contractor fails to perform, and any price differential will be charged against the Contractor.

10.27 CONTRACTOR EMPLOYEE MANAGEMENT

10.27.1 Contractor shall endeavor to maintain the personnel proposed in their proposal throughout the performance of this contract.

10.27.2 If Contractor personnel's employment status changes, Contractor shall provide County a list of proposed replacements with equivalent or greater experience.

10.27.3 Under no circumstances shall the implementation schedule to be impacted by a personnel change on the part of the Contractor.

10.27.4 Contractor shall not reassign any key personnel identified in their proposal without the express consent of the County.

10.27.5 County reserves the right to immediately remove from its premises any Contractor personnel it determines to be a risk to County operations.

10.27.6 County reserves the right to request the replacement of any Contractor personnel at any time, for any reason.

10.28 WARRANTY OF SERVICES

10.28.1 The Contractor warrants that all services provided hereunder will conform to the requirements of the contract, including all descriptions, specifications, and attachments made a part of this contract. County's acceptance of services or goods provided by the Contractor shall not relieve the Contractor from its obligations under this warranty.

10.28.2 In addition to its other remedies, County may, at the Contractor's expense, require prompt correction of any services failing to meet the Contractor's warranty herein. Services corrected by the Contractor shall be subject to all the provisions of this contract in the manner and to the same extent as services originally furnished hereunder.

10.29 INSPECTION OF SERVICES

10.29.1 The Contractor shall provide and maintain an inspection system acceptable to County covering the services under this contract. Complete records of all inspection work performed by the Contractor shall be maintained and made available to County during contract performance and for as long afterwards as the contract requires.

10.29.2 County has the right to inspect and test all services called for by the contract, to the extent practicable at all times and places during the term of the contract.

County shall perform inspections and tests in a manner that will not unduly delay the work.

10.29.3 If any of the services do not conform to contract requirements, County may require the Contractor to perform the services again in conformity with contract requirements, at no cost to the County. When the defects in services cannot be corrected by re-performance, County may:

10.29.3.1 require the Contractor to take necessary action to ensure that future performance conforms to contract requirements; and

10.29.3.2 reduce the contract price to reflect the reduced value of the services performed.

10.29.4 If the Contractor fails to promptly perform the services again or to take the necessary action to ensure future performance in conformity with contract requirements, County may:

10.29.4.1 by contract or otherwise, perform the services and charge to the Contractor, through direct billing or through payment reduction, any cost incurred by County that is directly related to the performance of such service; or

10.29.4.2 terminate the contract for default.

10.30 USAGE REPORT

The Contractor shall furnish the County a usage report, upon request, delineating the acquisition activity governed by the contract. The format of the report shall be approved by the County and shall disclose the quantity and dollar value of each contract item by individual unit of measure.

10.31 STATUTORY RIGHT OF CANCELLATION FOR CONFLICT OF INTEREST

Notice is given that, pursuant to A.R.S. § 38-511, the County may cancel any contract without penalty or further obligation within three years after execution of the contract, if any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the County is at any time, while the contract or any extension of the contract is in effect, an employee or agent of any other party to the contract in any capacity or consultant to any other party of the contract with respect to the subject matter of the contract. Additionally, pursuant to A.R.S. § 38-511, the County may recoup any fee or commission paid or due to any person significantly involved in initiating, negotiating, securing, drafting, or creating the contract on behalf of the County from any other party to the contract arising as the result of the contract.

10.32 OFFSET FOR DAMAGES

In addition to all other remedies at Law or Equity, the County may offset from any money due to the Contractor any amounts Contractor owes to the County for damages resulting from breach or deficiencies in performance of the contract.

10.33 SUBCONTRACTING

10.33.1 The Contractor may not assign to another Contractor or subcontract to another party for performance of the terms and conditions hereof without the written consent of the County. All correspondence authorizing subcontracting must reference the bid serial number and identify the job or project.

10.33.2 The subcontractor's rate for the job shall not exceed that of the prime Contractor's rate, as bid in the pricing section, unless the prime Contractor is willing to absorb any higher rates. The subcontractor's invoice shall be invoiced directly to the prime Contractor, who in turn shall pass-through the costs to the County, without mark-up. A copy of the subcontractor's invoice must accompany the prime Contractor's invoice.

10.34 AMENDMENTS

All amendments to this contract shall be in writing and approved/signed by both parties. Maricopa County Office of Procurement Services shall be responsible for approving all amendments for Maricopa County.

10.35 ADDITIONS/DELETIONS OF REQUIREMENTS

The County reserves the right to add and/or delete materials and services to a contract. If a service requirement is deleted, payment to the Contractor will be reduced proportionately, to the amount of service reduced in accordance with the bid price. If additional materials or services are required from a contract, prices for such additions will be negotiated between the Contractor and the County.

10.36 RIGHTS IN DATA

10.36.1 The County shall have the use of data and reports resulting from a contract without additional cost or other restriction except as may be established by law or applicable regulation. Each party shall supply to the other party, upon request, any available information that is relevant to a contract and to the performance thereunder.

10.36.2 Data, records, reports, and all other information generated for the County by a third party as the result of a contract are the property of the County and shall be provided in a format designated by the County or shall be and remain accessible to the County into perpetuity.

10.37 ACCESS TO AND RETENTION OF RECORDS FOR THE PURPOSE OF AUDIT AND/OR OTHER REVIEW

10.37.1 In accordance with Section MC1-373 of the Maricopa County Procurement Code, the Contractor agrees to retain (physical or digital copies of) all books, records, accounts, statements, reports, files, and other records and back-up documentation relevant to this contract for six years after final payment or until after the resolution of any audit questions, which could be more than six years, whichever is longest. The County, Federal or State auditors and any other persons duly authorized by the department shall have full access to and the right to examine, copy, and make use of, any and all said materials.

10.37.2 If the Contractor's books, records, accounts, statements, reports, files, and other records and back-up documentation relevant to this contract are not sufficient to support and document that requested services were provided, the Contractor shall reimburse Maricopa County for the services not so adequately supported and documented.

10.38 AUDIT DISALLOWANCES

If at any time it is determined by the County that a cost for which payment has been made is a disallowed cost, the County shall notify the Contractor in writing of the disallowance. The course of action to address the disallowance shall be at sole discretion of the County, and may include either an adjustment to future invoices, request for credit, request for a check, or a deduction from current invoices submitted by the Contractor equal to the

amount of the disallowance, or to require reimbursement forthwith of the disallowed amount by the Contractor by issuing a check payable to Maricopa County.

10.39 STRICT COMPLIANCE

Acceptance by County of a performance that is not in strict compliance with the terms of the contract shall not be deemed to be a waiver of strict compliance with respect to all other terms of the contract.

10.40 VALIDITY

The invalidity, in whole or in part, of any provision of this contract shall not void or affect the validity of any other provision of the contract.

10.41 SEVERABILITY

The removal, in whole or in part, of any provision of this contract shall not void or affect the validity of any other provision of this contract.

10.42 RELATIONSHIPS

10.42.1 In the performance of the services described herein, the Contractor shall act solely as an independent Contractor, and nothing herein or implied herein shall at any time be construed as to create the relationship of employer and employee, co-employee, partnership, principal and agent, or joint venture between the County and the Contractor.

10.42.2 The County reserves the right of final approval on proposed staff. Also, upon request by the County, the Contractor will be required to remove any employees working on County projects and substitute personnel based on the discretion of the County within two business days, unless previously approved by the County.

10.43 NON-DISCRIMINATION

Contractor agrees to comply with all provisions and requirements of Arizona Executive Order 2009-09, including flow down of all provisions and requirements to any subcontractors. Executive Order 2009-09 supersedes Executive Order 99-4 and amends Executive Order 75-5 and is hereby incorporated into this contract as if set forth in full herein. During the performance of this contract, Contractor shall not discriminate against any employee, client, or any other individual in any way because of that person's age, race, creed, color, religion, sex, disability, or national origin. (Arizona Executive Order 2009-09 can be downloaded from the Arizona Memory Project at <http://azmemory.azlibrary.gov/cdm/singleitem/collection/execorders/id/680/rec/1.>)

10.44 WRITTEN CERTIFICATION PURSUANT to A.R.S. § 35-393.01

If vendor engages in for-profit activity and has 10 or more employees, and if this agreement has a value of \$100,000 or more, vendor certifies it is not currently engaged in, and agrees for the duration of this agreement to not engage in, a boycott of goods or services from Israel. This certification does not apply to a boycott prohibited by 50 U.S.C. § 4842 or a regulation issued pursuant to 50 U.S.C. § 4842.

10.45 CERTIFICATION REGARDING DEBARMENT AND SUSPENSION

10.45.1 The undersigned (authorized official signing on behalf of the Contractor) certifies to the best of his or her knowledge and belief that the Contractor, its current officers, and directors:

10.45.1.1 are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from being awarded any contract or grant by any United States department or agency or any state, or local jurisdiction;

10.45.1.2 have not within a three-year period preceding this contract:

10.45.1.2.1 been convicted of fraud or any criminal offense in connection with obtaining, attempting to obtain, or as the result of performing a government entity (Federal, State or local) transaction or contract; or

10.45.1.2.2 been convicted of violation of any Federal or State antitrust statutes or conviction for embezzlement, theft, forgery, bribery, falsification or destruction of records, making false statements, or receiving stolen property regarding a government entity transaction or contract;

10.45.1.2.3 are not presently indicted or criminally charged by a government entity (Federal, State or local) with commission of any criminal offenses in connection with obtaining, attempting to obtain, or as the result of performing a government entity public (Federal, State or local) transaction or contract;

10.45.1.2.4 are not presently facing any civil charges from any governmental entity regarding obtaining, attempting to obtain, or from performing any governmental entity contract or other transaction; and

10.45.1.2.5 have not within a three-year period preceding this contract had any public transaction (Federal, State or local) terminated for cause or default.

10.45.2 If any of the above circumstances described in the paragraph are applicable to the entity submitting a bid for this requirement, include with your bid an explanation of the matter including any final resolution.

10.45.3 The Contractor shall include, without modification, this clause in all lower tier covered transactions (i.e. transactions with subcontractors or sub-subcontractors) and in all solicitations for lower tier covered transactions related to this contract. If this clause is applicable to a subcontractor or sub-subcontractor, the Contractor shall include the information required by this clause with their bid.

10.46 VERIFICATION REGARDING COMPLIANCE WITH A.R.S. § 41-4401 AND FEDERAL IMMIGRATION LAWS AND REGULATIONS

10.46.1 By entering into the contract, the Contractor warrants compliance with the Immigration and Nationality Act (INA using E-Verify) and all other Federal immigration laws and regulations related to the immigration status of its employees and A.R.S. § 23-214(A). The Contractor shall obtain statements from its subcontractors certifying compliance and shall furnish the statements to the procurement officer upon request. These warranties shall remain in effect through the term of the contract. The Contractor and its subcontractors shall also maintain Employment Eligibility Verification forms (I-9) as required by the Immigration Reform and Control Act of 1986, as amended from time to time, for all employees performing work under the contract and verify employee compliance using the E-Verify system and shall keep a record of the verification for the duration of the employee's

employment or at least three years, whichever is longer. I-9 forms are available for download at www.uscis.gov.

10.46.2 The County retains the legal right to inspect documents of Contractor and subcontractor employees performing work under this contract to verify compliance with paragraph 10.46.1 of this section. Contractor and subcontractor shall be given reasonable notice of the County's intent to inspect and shall make the documents available at the time and date specified. Should the County suspect or find that the Contractor or any of its subcontractors are not in compliance, the County will consider this a material breach of the contract and may pursue any and all remedies allowed by law, including, but not limited to: suspension of work, termination of the contract for default, and suspension and/or debarment of the Contractor. All costs necessary to verify compliance are the responsibility of the Contractor.

10.47 CONTRACTOR EMPLOYEE WHISTLEBLOWER RIGHTS AND REQUIREMENT TO INFORM EMPLOYEES OF WHISTLEBLOWER RIGHTS

10.47.1 The parties agree that this contract and employees working on this contract will be subject to the Contractor employee whistleblower protections established by Title 41 U.S.C. § 4712 and Section 3.908 of the Federal Acquisition Regulation.

10.47.2 Contractor shall inform its employees in writing, in the predominant language of the workforce, of employee whistleblower rights and protections under 41 U.S.C. § 4712, as described in Section 3.908 of the Federal Acquisition Regulation. Documentation of such employee notification must be kept on file by Contractor and copies provided to County upon request.

10.47.3 Contractor shall insert the substance of this clause, including this paragraph, in all subcontracts over the simplified acquisition threshold (\$250,000 as of fiscal year 2018).

10.48 CONTRACTOR LICENSE REQUIREMENT

The Contractor shall procure all permits, insurance, and licenses, and pay the charges and fees necessary and incidental to the lawful conduct of his/her business, and as necessary complete any requirements, by any and all governmental or non-governmental entities as mandated to maintain compliance with and remain in good standing. The Contractor shall keep fully informed of existing and future trade or industry requirements, and Federal, State, and local laws, ordinances, and regulations which in any manner affect the fulfillment of a contract and shall comply with the same. Contractor shall immediately notify both Office of Procurement Services and the department of any and all changes concerning permits, insurance, or licenses.

10.49 INFLUENCE

10.49.1 As prescribed in MC1-1203 of the Maricopa County Procurement Code, any effort to influence an employee or agent to breach the Maricopa County Ethical Code of Conduct or any ethical conduct, may be grounds for disbarment or suspension under MC1-902.

10.49.2 An attempt to influence includes, but is not limited to:

10.49.2.1 A person offering or providing a gratuity, gift, tip, present, donation, money, entertainment or educational passes or tickets, or any type of valuable contribution or subsidy that is offered or given with the intent to influence a decision, obtain a contract, garner favorable treatment, or gain favorable consideration of any kind.

10.49.3 If a person attempts to influence any employee or agent of Maricopa County, the chief procurement officer, or his designee, reserves the right to seek any remedy provided by the Maricopa County Procurement Code, any remedy in equity or in the law, or any remedy provided by this contract.

10.49.4 ABSOLUTELY NO CONTACT BETWEEN THE RESPONDENT AND ANY COUNTY PERSONNEL, OTHER THAN THE OFFICE OF PROCUREMENT SERVICES, IS ALLOWED DURING THE SOLICITATION PROCESS UNLESS THE COMMUNICATION IS IN REGARD TO PRE-EXISTING BUSINESS WITH THE COUNTY. ANY COMMUNICATIONS REGARDING THE SOLICITATION, ITS PARTICIPANTS, OR ANY DOCUMENTATION PRIOR TO THE CONTRACT AWARD MAY BE GROUNDS FOR DISMISSAL OF THE RESPONDENT FROM THE EVALUATION PROCESS.

10.50 CONFIDENTIAL INFORMATION

10.50.1 Any information obtained in the course of performing this contract may include information that is proprietary or confidential to the County. This provision establishes the Contractor's obligation regarding such information.

10.50.2 The Contractor shall establish and maintain procedures and controls that are adequate to assure that no information contained in its records and/or obtained from the County or from others in carrying out its functions (services) under the contract shall be used by or disclosed by it, its agents, officers, or employees, except as required to efficiently perform duties under the contract. The Contractor's procedures and controls, at a minimum, must be the same procedures and controls it uses to protect its own proprietary or confidential information. If, at any time during the duration of the contract, the County determines that the procedures and controls in place are not adequate, the Contractor shall institute any new and/or additional measures requested by the County within 15 business days of the written request to do so.

10.50.3 Any requests to the Contractor for County proprietary or confidential information shall be referred to the County for review and approval, prior to any dissemination.

10.51 PUBLIC RECORDS

Under Arizona law, all offers submitted and opened are public records and must be retained by the County at the Maricopa County Office of Procurement Services. Offers shall be open to public inspection and copying after contract award and execution, except for such offers or sections thereof determined to contain proprietary or confidential information by the Office of Procurement Services. If an offeror believes that information in its offer or any resulting contract should not be released in response to a public record request, under Arizona law, the offeror shall indicate the specific information deemed confidential or proprietary and submit a statement with its offer detailing the reasons that the information should not be disclosed. Such reasons shall include the specific harm or prejudice which may arise from disclosure. The records manager of the Office of Procurement Services shall determine whether the identified information is confidential pursuant to the Maricopa County Procurement Code.

10.52 INTEGRATION

This contract represents the entire and integrated agreement between the parties and supersedes all prior negotiations, proposals, communications, understandings, representations, or agreements, whether oral or written, expressed, or implied.

10.53 UNIFORM ADMINISTRATIVE REQUIREMENTS

By entering into this contract, the Contractor agrees to comply with all applicable provisions of Title 2, Subtitle A, Chapter II, Part 200—UNIFORM ADMINISTRATIVE REQUIREMENTS, COST PRINCIPLES, AND AUDIT REQUIREMENTS FOR FEDERAL AWARDS contained in Title 2 C.F.R. § 200 *et seq.*

10.54 GOVERNING LAW

This contract shall be governed by the laws of the State of Arizona. Venue for any actions or lawsuits involving this contract will be in Maricopa County Superior Court, Phoenix, Arizona.

10.55 PRICES

Contractor warrants that prices extended to County under this contract are no higher than those paid by any other customer for these or similar services.

10.56 ORDER OF PRECEDENCE

In the event of a conflict in the provisions of this contract and Contractor's license agreement, if applicable, the terms of this contract shall prevail.

10.57 INCORPORATION OF DOCUMENTS

10.57.1 The following are to be attached to and made part of this Contract:

- 10.57.1.1 Exhibit A – Vendor Information
- 10.57.1.2 Exhibit A-1 – Cost Summary/Pricing
- 10.57.1.3 Exhibit B – Scope of Work
- 10.57.1.4 Exhibit C – Respondent's Proposed Subcontractor(s)
- 10.57.1.5 Exhibit D – Certification Regarding Lobbying
- 10.57.1.6 Exhibit E – Accounting Certification Statement
- 10.57.1.7 Exhibit F – Certification Regarding Debarment

10.58 NOTICES

All notices given pursuant to the terms of this contract shall be addressed to:

For County:

Maricopa County
Office of Procurement Services
160 S. 4th Avenue
Phoenix, Arizona 85003-1647

For WIOA Program

Maricopa County
Human Services Department
Workforce Development Division
234 North Central 3rd Floor
Phoenix Arizona 85004
christopher.williams@maricopa.gov

For Contractor:

Chicanos Por La Causa, Inc.
1112 E. Buckeye Road
Phoenix, AZ 85034

10.59 INQUIRIES

10.59.1 Inquiries concerning information herein must be submitted prior to the question deadline date/time posted in the e-procurement platform, Periscope S2G, using the link in the "Q&A" tab.

10.59.2 Administrative telephone/email inquiries shall be addressed to:

IRMA GUZMAN, PROCUREMENT OFFICER
TELEPHONE: (602) 506-8715
Irma.guzman@maricopa.gov

10.59.3 Inquiries may be submitted by telephone but must be followed up in writing. No oral communication is binding on Maricopa County.

IN WITNESS WHEREOF, this contract is executed on the date set forth above.

CONTRACTOR

DocuSigned by:

Andres Contreras

AUTHORIZED SIGNATURE

Andres Contreras, EVP, IHSSE

PRINTED NAME AND TITLE

1112 E. Buckeye Rd., Phoenix, AZ 85034

ADDRESS

1/5/2022 | 4:13 PM PST

DATE

MARICOPA COUNTY

Bill Gl

CHAIRMAN, BOARD OF SUPERVISORS

JAN 26 2022

DATE

ATTESTED:

Juanita Day

CLERK OF THE BOARD

JAN 26 2022

DATE

APPROVED AS TO FORM:

Randall B. Pennington

DEPUTY COUNTY ATTORNEY

January 24, 2022

DATE

EXHIBIT A - VENDOR INFORMATION

COMPANY NAME:	Chicanos Por La Causa, Inc.
DOING BUSINESS AS (dba):	Chicanos Por La Causa, Inc.
MAILING ADDRESS:	1112 E. Buckeye Road, Phoenix, AZ 85034
DUNS NUMBER	136249609
REMIT TO ADDRESS:	Tim Johnson
TELEPHONE NUMBER:	602-257-0700
FAX NUMBER:	602-883-7856
WWW ADDRESS:	www.cplc.org
REPRESENTATIVE NAME:	Andres Contreras
REPRESENTATIVE TELEPHONE NUMBER:	602-257-0700
REPRESENTATIVE EMAIL ADDRESS	contracts@cplc.org

	<u>YES</u>	<u>NO</u>	<u>REBATE</u>
WILL ALLOW OTHER GOVERNMENTAL ENTITIES TO PURCHASE FROM THIS CONTRACT:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	
WILL ACCEPT PROCUREMENT CARD FOR PAYMENT:	<input type="checkbox"/>	<input checked="" type="checkbox"/>	

FUEL COMPRISES (if applicable) % OF TOTAL BID AMOUNT

PAYMENT TERMS: NET 0 DAYS

EXHIBIT A-1 - COST SUMMARY/PRICING

Respondent is to complete a Fee Proposal for each WIOA Element they are proposing.

1. **Direct Labor:** costs are the actual total compensation of the personnel (including principals or partners, if applicable) who will be directly charging time to the contract.
2. **Classifications:** The labor category that will be providing direct services to participants under this contract. Should a Respondent house multiple staff in a given labor category, fee schedule rates may represent average rates, or not-to-exceed rates.
 - 2.1 The Respondent will be required to submit a certified payroll to verify that proposed fees are at or below certified payroll levels. If a Consultant's payroll rates are deemed to be excessive in comparison to market rates, or otherwise contrary to the County's interests, the County may stipulate lower rates.
3. **Overhead:** The Federal Acquisition Regulations should be consulted in determining allowable overhead. Overhead is generally inclusive of the following unless otherwise accounted for in the audit of the firm's expenses:
 - a. The salaries of personnel in the executive and administrative salary pool other than those identifiable salaries included in salary cost, and expenses included and reimbursable and non-salary expenses, plus salaries or imputed salaries of partners and principals, to the extent that they perform general executive and administrative services.
 - b. Benefit costs to the Consultant.
 - c. Business taxes and insurance, other than those included in salary cost, but excluding state and federal income taxes.
 - d. Office space, including light, heat, cooling, and similar items.
 - e. Depreciation allowances or rental for furniture, drafting equipment, and engineering instruments.
 - f. Transportation expenses, including corporate automobile expense, and maintenance.
 - g. Office, printing, and drafting supplies.
 - h. Education and professional development (may include cost for consultant employee's attendance at technical conferences).
 - i. Communication expenses, including telephone, telegraph, and facsimile, with the exception of those long distance calls directly chargeable to a specific project.
 - j. Professional expenses, including fees for memberships in professional organizations.
 - k. Interest and finance.
 - l. Proposal preparation, preliminary arrangements for new projects, or like expenses.
 - m. Computer expenses, exclusive of salary cost of operation for specific projects, but inclusive of all other related computer operation expenses. If otherwise provided for in the cost allocation plan of a firm (such as direct project

expense), the District reserves the right to review and approve such expense allocation and amount at the time of fee negotiation.

- n. Graphic and engineering supplies.
- o. Reproduction and photo expense, including use of copier for work not specified as a direct expense.
- p. Postage, messenger, delivery and freight expenses other than those chargeable to a specific project.
- q. Outside and temporary help.
- r. Outside services – reproduction and printing, other than those costs directly chargeable to the project.
- s. Equipment rental.

3.1 The following expenses are unallowable for inclusion in the Consultant's overhead (indirect salary) expenses:

- a. Entertainment or advertising.
- b. Time spent for participating in civic and charitable activities.
- c. Bad debts, including interest, and charges for legal and collection fees.
- d. Cost of life insurance policies where corporation is named as beneficiary.
- e. Employee recreation and/or morale enhancement.
- f. Property taxes on other than the property primarily occupied by the corporation.
- g. Fines, penalties or other payments for violations of whatever kind or description.
- h. Errors and omissions payments in settlement of claims or judgments.
- i. Contributions and gifts.

3.2 The Respondent will be required to submit their most current financial audit to verify overhead.

4. **Profit:** Allowable profit should be determined considering the risk to the Contractor as appropriate. Profit will be applied to direct labor costs and overhead, but not to direct non-labor expenses.

5. **Proposed Hourly Rate:** The hourly rate proposed by the Contractor. (direct hourly rate * overhead=hourly rate * profit = Proposed Hourly Rate).

6. **Subcontractors:** All Subcontractor services being proposed by the Respondent must receive the same level of detail as the Contractor's fee proposal.

6.1 No additional markup by the Contractor will be allowed on work performed by sub-contractors.

7. **Direct Non-Salary Expenses:**

7.1 Any service paid directly to a participant or employer for a work experience will be paid at direct cost.

Chicanos Por La Causa, Inc.
Workforce Solutions Program
Maricopa County Youth WIOA Services - Proposal Budget

Element 9: Follow-up Services

<u>Contractor - Direct Labor</u>						
Staff Salary Rate						
		Salary + ERE	Overhead (10%)	For Profit (6.1%)	Proposed Hourly Rate (Salary)	
Case Manager		\$ 66,550.00	x.10	x.061		
Program Manager		\$ 17,550.00	x.10	x.061		
Totals:		\$ 84,100.00	\$ 8,410.00	\$ 5,130.10	\$ 97,640.10	
Hourly Rate (Total Expenses/2080 hours)		\$ 40.43	\$ 4.04	\$ 2.47	\$ 46.94	
Non-Labor Expenses						

	Amount	Overhead (10%)	For Profit (N/A)	Proposed Hourly Rate (Non-Salary)
Cell Phone:	\$ 720.00	x .10		
Office Supplies:	\$ 600.00	x .10		
Mileage Reimbursement:	\$ 728.00	x .10		
Rent:	\$ 1,800.00	x .10		
Computer Hardware	\$ 2,000.00	x .10		
Internet	\$ 1,440.00	x .10		
Data Evaluation	\$ 5,000.00	x .10		
Totals:	\$ 12,288.00	\$ 1,228.80		\$ 13,516.80
Hourly Rate (Total Expenses/2080 hours)	\$ 5.91	\$ 0.59	\$ -	\$ 6.50
			<u>Proposed Hourly Rate:</u>	<u>\$ 53.44</u>

Element 1: Tutoring Services

Contractor - Direct Labor:

Staff Salary Rate				
	Contractor Rate Per hour	Overhead (10%)	For Profit (6.1%)	Proposed Hourly Rate (Salary)
Tutor	\$ 40.00	x.10	x.061	
Program Manager	\$ 8.44	x.10	x.061	
Totals:	\$ 100,750.00	\$ 10,075.00	\$ 6,145.75	\$ 116,970.75
Hourly Rate (Total Expenses/2080 hours)	\$ 48.44	\$ 4.84	\$ 2.95	\$ 56.24
			<u>Proposed Hourly Rate:</u>	<u>\$ 56.24</u>

Element 7: Supportive Services

Supportive Services Administrative Cost				
	Salary + ERE	Overhead (10%)	For Profit (6.1%)	Proposed Hourly Rate (Salary)
-				

Case Manager	\$ 66,550.00	x.10	x.061	
Program Manager	\$ 17,550.00	x.10	x.061	
Totals:	\$ 84,100.00	\$ 8,410.00	\$ 5,130.10	\$ 97,640.10
Hourly Rate (Total Expenses/2080 hours)	\$ 40.43	\$ 4.04	\$ 2.47	\$ 46.94
Non Labor Expenses				
	Amount	Overhead (10%)	For Profit (N/A)	Proposed Hourly Rate (Non Salary)
Cell Phone:	\$ 720.00	x .10		
Office Supplies:	\$ 600.00	x .10		
Mileage Reimbursement:	\$ 728.00	x .10		
Rent:	\$ 1,800.00	x .10		
Computer Hardware	\$ 2,000.00	x .10		
Internet	\$ 1,440.00	x .10		
Data Evaluation	\$ 5,000.00	x .10		
Totals:	\$ 12,288.00	\$ 1,228.80		\$ 13,516.80

Hourly Rate (Total Expenses/2080 hours)	\$ 5.91	\$ 0.59	\$ -	\$ 6.50
			<u>Proposed Hourly Rate:</u>	\$ <u>53.44</u>

EXHIBIT B - SCOPE OF WORK

CHICANOS POR LA CAUSA, INC IS BEING AWARDED THE CONTRACT FOR THE FOLLOWING ELEMENTS:

Element 1 – Tutoring, Study Skills Training, Instruction, and Dropout Prevention

Element 7 – Supportive Services

Element 9 – Follow-up Services

1.0 SCOPE OF WORK

- 1.1 Contractor shall assist eligible out-of-school youth (OSY) and eligible in-school youth (ISY), who are seeking assistance in achieving academic and employment success, with effective and comprehensive services and activities that include a variety of options for improving educational and skill competencies and provide an effective connection to educational institutions and employers, including small employers in in-demand industry sectors and occupations in the local and regional markets.
- 1.2 Contractor will have primary responsibility for ensuring that each participant receives the full continuum of services. Services accessed by a WIOA youth participant will depend upon the needs and goals identified by the participant and case manager as documented in the participant's ISS.
- 1.3 Contractor shall be responsible for timely program delivery in a safe environment that has been tailored for the participant, reporting, quality control, maintaining licensure, compliance with all federal, state, and local regulations including Americans with Disabilities Act and Child Labor Laws.
- 1.4 Contractor shall provide the following service Elements:
 - 1.4.1 Paid and unpaid work experiences.
 - 1.4.2 Leadership development opportunities, which may include community service and peer-centered activities encouraging responsibility and other positive social behaviors.
 - 1.4.3 Supportive services.
 - 1.4.4 Adult mentoring for the period of participation and a subsequent period, for a total of not less than 12 months.
 - 1.4.5 Follow-up services for 12 months after the completion of participation.
 - 1.4.6 Financial literacy education.
 - 1.4.7 Entrepreneurial Skills
 - 1.4.8 Labor market and information services.
- 1.5 Activities and outcomes shall meet the minimum WIOA Youth Program Element Requirements.
- 1.6 PROGRAM PERFORMANCE MEASURES
 - 1.6.1 The Workforce Development Board (WDB) negotiates WIOA performance indicators annually which are then communicated to the service provider(s). All services provided to youth from county staff and providers impacts program performance.

- 1.6.2 Contractor shall be assessed against five primary indicators of performance:
- 1.6.3 Employment/Education/Training Rate – 2nd Quarter After Exit – the percentage of participants who are in education or training activities, or in unsubsidized employment during the second quarter after exit from the program.
- 1.6.4 Employment/Education/Training Rate – 4th Quarter After Exit - the percentage of participants who are in education or training activities, or in unsubsidized employment during the fourth quarter after exit from the program.
- 1.6.5 Median Earnings – 2nd Quarter After Exit – the median earnings of participants who are in unsubsidized employment during the second quarter after exit from the program.
- 1.6.6 Credential Attainment - the percentage of those participants enrolled in an education or training program who attain a recognized postsecondary credential or a secondary school diploma, or its recognized equivalent, during participation or within one year after exit from the program.
 - 1.6.6.1 Measurable Skill Gains – the percentage of program participants who, during a program year, are in an education or training program that leads to a recognized postsecondary credential or employment and who are achieving measurable skill gains, defined as documented academic, technical, occupational, or other forms of progress, towards such a credential or employment.

1.7 PAYMENT STRUCTURE

- 1.7.1 Referrals for services will only be placed when County case managers identify a need for providers to deliver service element(s) to a specific youth. Case managers will issue a purchase order or a written notice to providers to proceed with services.
- 1.7.2 The County case managers reserves the right to cancel purchase orders or notice to proceed with services, within a reasonable period of time after issuance, if participants do not attend or fail to progress.
- 1.7.3 Should a purchase order or notice to proceed be canceled, the County agrees to reimburse the contractor for actual and documented costs incurred by the contractor.

1.8 PROGRAM ELEMENTS

Contractor shall provide the following Program Elements:

- 1.8.1 **Element 1: Tutoring, Study Skills Training, Instruction, and Dropout Prevention**
 - 1.8.1.1 Tutoring, study skills training, instruction and evidence-based dropout prevention services leading to completion of the requirements for a secondary school diploma or its recognized equivalent (including a recognized certificate of attendance or similar document for individuals with disabilities) or for a recognized postsecondary credential.
 - 1.8.1.2 Tutors must:
 - 1.8.1.2.1 Possess a high school degree or equivalent - associate or bachelor's degree a plus
 - 1.8.1.2.2 Be proficient in the subjects they are tutoring

- 1.8.1.2.3 Have experience assessing the progress of students to ensure effective processes
- 1.8.1.2.4 Have experience preparing lesson plans and personalized instruction
- 1.8.1.3 As a result of engagement in the service, youth will:
 - 1.8.1.3.1 Increase proficiency, grade level or Educational Functioning Level (EFL) in a specific academic skill area
 - 1.8.1.3.2 Remain in school, working towards their high school diploma or post-secondary credential
 - 1.8.1.3.3 Attain a high school diploma or post-secondary credential
- 1.8.1.4 In the delivery of this service, CPLC will:
 - 1.8.1.4.1 Accept referrals of youth needing tutoring to pass their High School Equivalency diploma exams
 - 1.8.1.4.2 Match participants to a tutor within 14 days of referral
 - 1.8.1.4.3 Help youth identify areas of academic concern
 - 1.8.1.4.4 Assist youth with overcoming learning obstacles
 - 1.8.1.4.5 Provide resources, tools, and instruction to develop effective learning strategies
 - 1.8.1.4.6 Provide active learning experiences to keep the youth engaged
 - 1.8.1.4.7 Provide academic tutoring at a minimum of 2 times per month
 - 1.8.1.4.8 Monitor individual student learning progress
 - 1.8.1.4.9 Provide monthly reports indicating student progress and achievement levels
 - 1.8.1.4.10 Adhere to budgeted amounts and receive approval for increases prior to exceeding budgets

1.8.2 Element 7: Supportive Services

- 1.8.2.1 Supportive services remove barriers and enable a youth to participate in WIOA activities. Examples of support services include transportation assistance (bus passes, gas cards, Uber/Lyft gift cards), work related expenses (such as clothing, work shoes, uniforms, tools, etc.), childcare, testing fees, books and other training related expenses, rental and utility assistance, car repairs and reasonable accommodations for individuals with a disability.
- 1.8.2.2 In the delivery of this service, CPLC will:
 - 1.8.2.2.1 connect participants to the resources that meet the needs stated in the referrals, as soon as possible and within five business days
 - 1.8.2.2.2 collect and submit receipts for support services delivered, with monthly backup documentation reports
 - 1.8.2.2.3 notify county staff if the participant identifies the need for additional support services
 - 1.8.2.2.4 limit administrative costs associated with providing support services to youth via the use of refillable cards and online purchasing whenever possible
 - 1.8.2.2.5 ensure that administrative costs do not exceed the cost of the item being purchased
 - 1.8.2.2.6 adhere to budgets and receive approval for increases prior to exceeding

1.8.3 **Element 9: Follow Up Services**

- 1.8.3.1 Follow-up services are critical services provided following a youth’s exit from the program to help ensure the youth is successful in employment and/or post-secondary education and training. Once an exit date has been determined, ARIZONA@WORK staff will transfer the hard/virtual file to the vendor for 12 months of follow up. Unlike the other elements, Providers are expected to work with the file and provide case management services to the youth.
- 1.8.3.2 Follow-up services must include more than only a contact attempt made for securing documentation to report a performance outcome.
- 1.8.3.3 Providers will be granted access to Arizona Job Connection and be expected to follow Standards of Work for data entry into the system including contact notes, outcomes, credential attainment rates, wage records, service delivery, and youth placement in education and employment during the retention period.
- 1.8.3.4 Follow-up Services are mandatory based on WIOA regulations for not less than 12 months unless the youth declines to receive follow-up services or cannot be located. At the conclusion of the follow-up period, files will be transferred back to ARIZONA@WORK for long term storage.
- 1.8.3.5 In the delivery of this service, CPLC will:
 - 1.8.3.5.1 follow up with individuals at least once every 30 days, or more often as needed to ensure retention in employment, education, and training. Contact with participant is defined as interaction through:
 - 1.8.3.5.1.1 Telephone (voice).
 - 1.8.3.5.1.2 Text messages.
 - 1.8.3.5.1.3 One-on-one physical contact.
 - 1.8.3.5.1.4 Email messages; and
 - 1.8.3.5.1.5 Letters from/to participant.
 - 1.8.3.5.2 contact youth monthly (at a minimum) via phone call, Zoom, Google Meets, Skype, or any other meeting platform the youth is comfortable with
 - 1.8.3.5.3 provide academic assistance, job leads, assistance in solving a work-related problem, and other services allowable under WIOA to support engagement and retention in education and employment
 - 1.8.3.5.4 provide appropriate support services as approved by the county
 - 1.8.3.5.5 maintain a Data Sharing Agreement with DES and ARIZONA@WORK Maricopa County to receive access to AJC
 - 1.8.3.5.6 facilitate the transfer of files to and from the county, returning hardcopy of participant files by the last day of the 5th quarter after follow-up is completed to ARIZONA@WORK-Maricopa County Youth Service Program
 - 1.8.3.5.7 maintain files in a secure, locked, office location
 - 1.8.3.5.8 not take files home
 - 1.8.3.5.9 document all contacts, services, and performance outcomes in the participant’s Arizona Job Connection (AJC) case record and case notes within 3 business days

- 1.8.3.5.10 ensure employment and education documentation are uploaded for performance outcomes (placement, median wage, credential attainment)
- 1.8.3.5.11 increase performance outcomes due to increased youth engagement in follow up services
- 1.8.3.5.12 adhere to budgets and receive approval for increases prior to exceeding

EXHIBIT C - RESPONDENT'S PROPOSED SUBCONTRACTOR(S)

The respondent shall indicate all subcontractors that the respondent will use to perform any portion of this solicitation's Scope of Work.

- If the respondent will not subcontract any portion of this solicitation's Scope of Work and will be performing this work entirely with its own employees, then respondent shall clearly indicate this by checking **NO** in the section below.
- If any subcontractors will be used, the respondent shall clearly indicate this by checking **Yes** in the section below and follow the instructions contained in that paragraph for identifying all subcontractors.

NO The above respondent will not subcontract any portion of performance of any resultant contract under this solicitation.

YES The above respondent will use the subcontractor(s) listed below in performance of any resultant contract under this solicitation.

- The respondent shall list below each subcontractor's name/address, the type of service to be provided, the certifications they possess (copies of all certifications shall be provided as an attachment to the submitted proposal), their capability and skill to provide the requested services, and the amount of time or effort (as a percent of total contract performance) that the subcontractor will perform in relation to total performance of this solicitation's requirements. Additional Pages may be used and attached if necessary.
- The respondent shall describe the quality assurance measures that the respondent will use to monitor the subcontractor's performance.
- The County reserves the right to request any additional information deemed necessary about any proposed subcontractors.

Please include all requested information below or attach as separate document

Name of Respondent:
Chicanos Por La Causa, Inc.

SUBCONTRACTOR INFORMATION

Name/Address	Type of Service	Certifications	%
N/A	N/A	N/A	N/A

EXHIBIT D - CERTIFICATION REGARDING LOBBYING

*Public Law 101-121 (31 U.S.C. 1352)
For Reference see Federal Register, dated 2/26/90, Vol. 55, No 18*

Dear Bidder, Offeror, Contractor, Subcontractor,

Please review the attached forms and respond as appropriate.

Attachment I

In order to enter into an agreement with the Maricopa County for the provision of contract services or to amend a current agreement you are required to sign the Certification Regarding Lobbying. Please submit it to this sender with your Proposal, Contract, or Amendment.

Attachment II

If paragraph 2 of Attachment I applies, then complete this Disclosure of Lobbying Activities form and submit it with the certification.

Instructions

There is a distinction between lobbying and advocacy. As long as "advocacy" does not involve influencing the obtaining of a specific grant or contract, but is merely advocacy for the general benefit of the target population served, it is not lobbying and there may be no need for certification or disclosure. Each case must be reviewed individually by the recipient as the recipient is responsible for compliance and sanctions.

Each person shall file a disclosure form at the end of each calendar quarter in which there occurs any event that materially affects the accuracy of information contained in any disclosure form previously filed.

Certification for Contracts, Grants, Loans, and Cooperative Agreements

The undersigned certifies, to the best of his or her knowledge and belief, that:

- 1) No Federal appropriated funds have been paid or will be paid, by or on behalf of the undersigned, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- 2) If any funds other than Federal appropriated funds have been paid or will be paid to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan or cooperative agreement, the undersigned shall complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions.
- 3) The undersigned shall require that the language of this certification be included in the award documents for all sub- awards at all tiers (including subcontracts, sub-grants, and contracts under grants, loans, and cooperative agreements) and that all sub-recipients shall certify and disclose accordingly.
- 4) This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, Title 31, U. S. Code.

Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.

Chicanos Por La Causa, Inc. _____
Organization

Andres Contreras _____
Printed Name

DocuSigned by:

058D394C5EA42C Executive Vice President 11/2/2021 | 9:08 PM PDT
Authorized Signature Title Date

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT

Maricopa County Human Services Department
234 North Central, Suite 3000
Phoenix, Arizona 85004

To Whom It May Concern:

We are Certified Public Accountants and have been engaged to perform a preliminary survey of the accounting system of:

See attached Letter and Audit (Attachment F1 and F2)

(Name of applicant)

We understand that as part of the RFP process, the Human Services Department (HSD) requires that applicants obtain an accounting system certification from an independent CPA. The purpose of such a review is to provide HSD with certain assurances that the applicant has internal accounting controls and administrative procedures in place which should provide reasonable assurance that claims for reimbursement are accurate, costs are allowable under the contract, and that costs are supported by source documentation.

Because of the limited scope of such a review, we are not able to render an opinion on the accounting system. However, our review resulted in no exceptions to HSD's criteria as indicated on the attached checklist.*

This report is intended for use only by HSD and should not be used for any other purposes.

See attached Letter and Audit (Attachment F1 and F2)

Signature of Accountant

Typed Name of Accountant

Name of Organization

*If the auditors identified exceptions on the checklist, they should state: However, we identified the following exceptions to HSD'S accounting system criteria: (list exceptions)

[210192-Attachment F-1 – Chicanos Por La Causa.pdf](#)

**CHICANOS POR LA CAUSA, INC. AND
SUBSIDIARIES AND AFFILIATES**

**CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION**

YEAR ENDED JUNE 30, 2020



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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
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YEAR ENDED JUNE 30, 2020

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates
Phoenix, Arizona

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates, which comprises the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities, functional revenues and 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the financial statements of Casa del Pueblo II dba: Casa del Pueblo II Apartments; Casa Mia Senior Apartments, Inc. dba: Casa Mia Apartments; Causa Community Development, Inc. dba: Guadalupe Barrio Nuevo; Gran Victoria Housing, LLC; Casa de Primavera Apartments, LLC dba: Casa de Primavera; Pueblo Senior Housing, Inc. dba: Casa del Pueblo; Santa Cruz Apartments, Inc. dba: Santa Cruz Apartments; Mountain Pointe Apartments, LP; dba Mountain Pointe Apartments, Bella Vista Properties I Limited Partnership; Ladera Village Limited Partnership and Villa Las Vegas Limited Partnership, wholly-owned subsidiaries, which statements reflect total assets of \$39,441,355 as of June 30, 2020, and total revenues of \$10,474,590 for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for Casa del Pueblo II dba: Casa del Pueblo II Apartments; Casa Mia Senior Apartments, Inc. dba: Casa Mia Apartments; Causa Community Development, Inc. dba: Guadalupe Barrio Nuevo; Gran Victoria Housing, LLC; Casa de Primavera Apartments, LLC dba: Casa de Primavera; Pueblo Senior Housing, Inc. dba: Casa del Pueblo; Santa Cruz Apartments, Inc. dba: Santa Cruz Apartments; Mountain Pointe Apartments, LP; dba Mountain Pointe Apartments, Bella Vista Properties I Limited Partnership; Ladera Village Limited Partnership and Villa Las Vegas Limited Partnership, is based solely on the reports of the other auditors. 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. 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.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

Board of Directors

Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates

The financial statements of Gran Victoria Housing, LLC, Santa Cruz Apartments, Inc. dba: Santa Cruz Apartments; Bella Vista Properties I Limited Partnership; Ladera Village Limited Partnership and Villa Las Vegas Limited Partnership were not audited in accordance with *Government Auditing Standards*.

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 auditors' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates as of June 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 discussed in Note 1 to the consolidated financial statements, management adopted Accounting Standards Update No. 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. Our opinion is not modified with respect to that matter.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 50 through 64 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 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.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

Board of Directors

Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2020, on our consideration of the Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 result of that testing, and not to provide an opinion on the effectiveness of the Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' 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 Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates' internal control over financial reporting and compliance.



CliftonLarsonAllen LLP

Phoenix, Arizona
December 11, 2020

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$ 30,426,491
Restricted Cash	395,623
Cash Held for Loan Programs	2,692,990
Receivables:	
Grants and Contracts, Net	6,996,214
Interest Receivable	264,017
Other Receivables, Net	303,018
Notes Receivable, Current	2,013,539
Prepaid Expenses	226,248
Total Current Assets	<u>43,318,140</u>

LONG-TERM ASSETS

Notes Receivable, Net	41,219,877
Real Estate Properties - Rental, Net	101,731,158
Property and Equipment, Net	19,525,162
Related Party Receivables, Net	1,191,020
Real Estate Held for Sale	13,238,133
Investments in Debt and Equity Securities	3,762,069
Investments in Affiliated Entities - Cost Method	2,970,156
Investments in Affiliated Entities - Equity Method	729,675
Deposits and Funded Reserves	3,542,513
Other Assets	980,422
Total Long-Term Assets	<u>188,890,185</u>
 Total Assets	 <u><u>\$ 232,208,325</u></u>

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION (CONTINUED)
JUNE 30, 2020

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$ 11,534,288
Lines of Credit - Current Portion	1,301,023
Mortgages Payable and Other Debt, Current	10,870,989
Other Liabilities	<u>1,665,647</u>
Total Current Liabilities	25,371,947

LONG-TERM LIABILITIES

Lines of Credit, Long-Term Portion	18,945,463
Deferred Revenue, Long-Term Portion	2,855,156
Mortgages Payable and Other Debt, Net	<u>123,764,854</u>
Total Long-Term Liabilities	<u>145,565,473</u>

Total Liabilities	170,937,420
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NET ASSETS

Without Donor Restrictions	58,774,037
With Donor Restrictions	<u>2,496,868</u>
Total Net Assets	<u>61,270,905</u>

Total Liabilities and Net Assets	<u><u>\$ 232,208,325</u></u>
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See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	Without Donor Restrictions	With Donor Restrictions	Total
REVENUES			
Contract Revenues:			
Grants and Contracts	\$ 10,467,531	\$ 1,225,000	\$ 11,692,531
Cost Reimbursement	23,921,142	-	23,921,142
Fee for Service	25,647,797	-	25,647,797
Total Contract Revenues	60,036,470	1,225,000	61,261,470
Noncontract Revenues:			
Rental Income	18,769,961	-	18,769,961
Development Fees	1,736,638	-	1,736,638
Client Fees	1,728,653	-	1,728,653
Donations	1,243,544	-	1,243,544
Fundraising	674,677	-	674,677
In-Kind	739,772	-	739,772
Sales of Inventory	2,083,916	-	2,083,916
Other Revenues	1,815,209	-	1,815,209
Total Noncontract Revenues	28,792,370	-	28,792,370
Other Revenues:			
Gain on Sale of Assets	16,805,248	-	16,805,248
Investment Income (Loss)	(106,672)	-	(106,672)
Interest Income	1,703,529	-	1,703,529
Total Other Revenues	18,402,105	-	18,402,105
Net Assets Released from Restrictions	2,259,030	(2,259,030)	-
Total Revenues	109,489,975	(1,034,030)	108,455,945
OPERATING EXPENSES			
Program Services	78,851,914	-	78,851,914
General and Administrative	12,670,470	-	12,670,470
Fundraising	1,690,905	-	1,690,905
Total Operating Expenses	93,213,289	-	93,213,289
NONOPERATING ACTIVITY			
Loss on Sale of Assets, Net	(356,081)	-	(356,081)
Impairment Loss on Real Estate	(18,373)	-	(18,373)
Net Nonoperating Activity	(374,454)	-	(374,454)
CHANGE IN NET ASSETS	15,902,232	(1,034,030)	14,868,202
Net Assets - Beginning of Year	42,871,805	3,530,898	46,402,703
NET ASSETS - END OF YEAR	\$ 58,774,037	\$ 2,496,868	\$ 61,270,905

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

**CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES
YEAR ENDED JUNE 30, 2020**

	Corporate										
	CPLC Community Schools	Prestamos	Friendship	Behavioral Health	Health and Human Services	Single Family Housing and Counseling	Public Relations and Fund Raising	Management and General	La Causa	Economic Development	CPLC Nevada
SUPPORT AND REVENUES											
Contract Revenues:											
Grants and Contracts	\$ 2,400,792	\$ 2,589,775	\$ -	\$ 495,589	\$ 2,040,049	\$ 321,933	\$ -	\$ 164,950	\$ -	\$ 1,088,352	\$ 1,522,346
Cost Reimbursement	-	654,569	-	-	22,766,024	360,606	-	7,479	-	-	94,217
Fee for Service	-	-	4,920	10,676,526	2,454,967	118,250	-	15,954	10,846,672	-	3,050
Total Contract Revenues	2,400,792	3,244,344	4,920	11,172,115	27,261,040	800,789	-	188,383	10,846,672	1,088,352	1,619,613
Noncontract Revenues:											
Rental Income	28,800	-	-	-	813	-	-	-	-	42,138	-
Development Fees	-	-	-	-	-	-	-	1,004,143	341,638	824,143	-
Client Fees	-	750,089	100,118	36,996	729,558	57,225	-	440,968	-	-	1,679
Donation	16,168	147,500	-	53,513	221,482	20,817	28,723	975,206	-	64,378	12,008
Fund Raising	-	-	-	-	1,573	-	569,879	100,000	-	-	3,000
In-Kind	-	-	-	-	57,402	-	-	641,345	-	-	41,025
Sales of Inventory	-	-	-	-	-	-	-	-	-	(6,798,940)	-
Other Revenues	30,377	16,800	234	10,010	3,874	850	814,616	6,443,557	(40)	-	10,398
Total Noncontract Revenues	75,345	914,389	100,352	100,519	1,014,702	78,892	1,413,218	9,605,219	341,598	(5,868,281)	68,110
Other Revenues:											
Gain on Sale of Assets	-	42,585	-	-	-	-	-	-	-	-	-
Intercompany Dividend Income	-	-	-	-	-	-	-	559,324	-	-	-
Investment Income (Loss)	-	39,964	-	-	3,968	-	-	182,413	-	111,386	-
Interest Income	-	1,942,184	-	-	-	-	-	88,304	3	-	-
Total Other Revenues	-	2,024,733	-	-	3,968	-	-	830,041	3	111,386	-
Total Support and Revenues	2,476,137	6,183,466	105,272	11,272,634	28,279,710	879,681	1,413,218	10,623,643	11,188,273	(4,668,543)	1,687,723

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
 CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
 YEAR ENDED JUNE 30, 2020

	CPLC New Mexico, Inc.	CPLC Health Inc. (AZRA)	NSP II	Multifamily Properties and Property Management	Commercial Properties and Property Management	Single Family Residential	CPLC Texas	CPLC Action Fund	Other	Eliminations	Total
SUPPORT AND REVENUES											
Contract Revenues:											
Grants and Contracts	\$ 114,750	\$ 10,000	\$ -	\$ 3,750	\$ -	\$ 840,245	\$ -	\$ 100,000	\$ -	\$ -	\$ 11,692,531
Cost Reimbursement	-	-	-	-	-	1,566,171	2,287	-	-	(1,530,211)	23,921,142
Fee for Service	3,147,457	-	-	-	-	386,602	-	-	-	(2,006,601)	25,647,797
Total Contract Revenues	3,262,207	10,000	-	3,750	-	2,793,018	2,287	100,000	-	(3,536,812)	61,261,470
Noncontract Revenues:											
Rental Income	2,199	-	-	17,235,414	2,864,106	399,758	-	-	-	(1,803,267)	18,769,961
Development Fees	-	-	-	-	-	-	-	-	-	(433,286)	1,736,638
Client Fees	84,155	-	-	1,743,048	-	(743)	-	-	-	(2,214,440)	1,728,653
Donation	397,255	55,000	-	194,433	-	1,574	-	-	-	(944,513)	1,243,544
Fund Raising	-	-	-	-	-	225	-	-	-	-	674,677
In-Kind	-	-	-	-	-	-	-	-	-	-	739,772
Sales of Inventory	-	-	18,672,994	-	-	(80,000)	-	-	-	(9,710,138)	2,083,916
Other Revenues	24,335	(7,386)	-	1,653,214	34,981	4,354	-	-	79	(7,225,044)	1,815,209
Total Noncontract Revenues	507,944	47,614	18,672,994	20,826,109	2,899,087	325,168	-	-	79	(22,330,688)	28,792,370
Other Revenues:											
Gain on Sale of Assets	-	-	-	16,220,653	-	-	-	-	-	542,010	16,805,248
Intercompany Dividend Income	75,000	-	-	-	-	667,331	-	-	-	(1,301,655)	-
Investment Income (Loss)	(209,403)	-	-	-	-	-	-	-	-	(235,000)	(106,672)
Interest Income	-	-	-	2,975	105	9,167	-	-	-	(339,209)	1,703,529
Total Other Revenues	(134,403)	-	-	16,223,628	105	676,498	-	-	-	(1,333,854)	18,402,105
Total Support and Revenues	3,635,748	57,614	18,672,994	37,053,487	2,899,192	3,794,684	2,287	100,000	79	(27,201,354)	108,455,945

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

**CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	Corporate										
	CPLC Community Schools	Prestamos	Friendship	Behavioral Health	Health and Human Services	Single Family Housing and Counseling	Public Relations and Fund Raising	Management and General	La Causa	Economic Development	CPLC Nevada
OPERATING EXPENSES											
Salaries and Wages	\$ 908,096	\$ 1,361,434	\$ 37,086	\$ 6,511,078	\$ 15,814,621	\$ 523,127	\$ 907,751	\$ 6,485,924	\$ 918,777	\$ 726,057	\$ 792,331
Payroll Taxes	59,292	115,102	3,082	549,908	1,456,266	50,892	85,109	43,419	83,343	65,806	66,588
Fringe Benefits	134,622	106,371	(2,643)	704,848	2,503,883	89,739	126,497	965,167	103,119	80,204	36,144
Contractor Expense	-	-	-	-	-	-	-	-	8,174,487	-	-
Professional Fees	316,109	358,825	1,775	168,064	252,134	9,304	24,999	1,483,694	229,226	153,882	45,935
Management Fees	-	262,545	-	-	18,800	-	-	-	-	-	-
Staff Development	7,901	66,866	33	37,986	144,129	1,206	11,821	290,900	16,528	5,881	3,822
Property Administration	-	-	-	-	-	-	-	-	-	-	-
Travel	1,530	61,056	-	92,037	282,469	10,248	20,648	328,887	41,148	25,877	23,722
Advertising and Marketing	18,887	16,599	984	37,311	100,423	404	220,412	349,998	991	74	16,905
Administrative Costs	320,541	360,784	13,928	1,554,223	3,852,030	133,350	-	-	271,924	165,678	114,693
Occupancy	364,962	93,066	7,022	630,992	662,201	85,241	47,506	448,361	51,581	44,534	42,355
Insurance and Taxes	6,953	22,221	34,636	44,903	266,132	11,444	3,402	256,837	104,404	63,107	2,218
Utility Expenses	32,258	7,092	1,877	84,293	382,674	4,550	2,980	44,557	1,371	2,759	4,030
Repairs and Maintenance	-	7,032	60	115,957	298,667	6,098	-	17,590	9,889	(760)	427
Office Expenses	12,955	38,768	25	48,446	219,399	4,774	2,625	73,998	22,577	2,452	20,011
Furniture and Fixtures	-	17,554	-	15,165	45,895	-	-	38,918	1,352	-	22,877
Technology and Communication	60,991	98,291	6,220	391,405	550,121	25,525	21,572	301,434	17,315	23,197	37,824
Consumable Supplies	22,936	1,284	2,020	186,278	1,255,889	5,840	3,957	53,774	7,898	2,629	7,610
Monetary Assistance	8,535	460,796	3	43,608	1,004,553	123,061	203,398	164,521	407,010	-	165,851
Miscellaneous	31,949	26,383	80	6,774	119,609	626	1,012	125,831	32,133	453	1,962
Program Construction	-	-	-	-	1,500	744	-	-	1,304	7,105	-
Donated Materials and Services	-	-	-	-	61,628	-	-	641,345	-	-	41,025
Depreciation	19,481	-	12,742	15,870	297,327	-	-	259,952	3,297	-	504
Interest expense	-	563,349	-	-	13,185	(301)	-	316,479	43,517	52,972	-
Bad Debt Expense (Recovery)	15,099	414,776	(613,534)	615,913	(8,430)	(3,787)	7,216	(21,116)	-	49,030	1,407
Total Operating Expenses	2,343,097	4,460,194	(494,604)	11,855,059	29,595,105	1,082,085	1,690,905	12,670,470	10,543,191	1,470,937	1,448,241
NONOPERATING ACTIVITY											
Gain/Loss on Sale of Assets, Net	-	-	-	-	-	(24,808)	-	7,999	(512,341)	41,010	-
Impairment Loss on Real Estate	-	-	-	-	-	(24,808)	-	-	(512,341)	-	-
Net Nonoperating Activity	-	-	-	-	-	(24,808)	-	7,999	(512,341)	41,010	-
CHANGE IN NET ASSETS	\$ 133,040	\$ 1,723,272	\$ 599,876	\$ (582,425)	\$ (1,315,395)	\$ (227,212)	\$ (277,687)	\$ (2,038,828)	\$ 132,741	\$ (6,098,470)	\$ 239,482

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

**CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF FUNCTIONAL REVENUES AND EXPENSES (CONTINUED)
YEAR ENDED JUNE 30, 2020**

	CPLC New Mexico, Inc.	CPLC Health Inc. (AZRA)	NSP II	Multifamily Properties and Property Management	Commercial Properties and Property Management	Single Family Residential	CPLC Texas	CPLC Action Fund	Other	Eliminations	Total
OPERATING EXPENSES											
Salaries and Wages	\$ 496,879	\$ 246,182	\$ -	\$ 3,731,907	\$ 196,525	\$ 215,713	\$ 31,831	\$ -	\$ (46)	\$ -	\$ 39,905,273
Payroll Taxes	43,205	24,649	-	384,956	17,666	22,548	2,636	-	(105)	-	3,074,362
Fringe Benefits	31,797	14,114	-	634,179	25,498	24,830	633	-	76	-	5,579,078
Contractor Expense	-	-	-	-	-	-	-	-	-	(1,271,653)	6,902,834
Professional Fees	2,638,043	2,237	-	405,297	40,345	38,511	-	4,850	1,148	(2,187,788)	3,886,590
Management Fees	-	-	-	1,137,557	330,767	141,651	-	-	-	(1,776,636)	114,684
Staff Development	6,097	1,656	-	38,383	590	3,129	-	-	-	-	636,928
Property Administration	-	-	-	118,359	(20)	-	-	-	-	-	118,339
Travel	66,314	6,120	-	52,434	-	28,013	1,038	-	826	-	1,042,367
Advertising and Marketing	13,136	685	-	306,863	1,529	732	34	500	331	-	1,086,798
Administrative Costs	135,899	46,189	-	170,638	-	62,832	-	-	-	(7,182,042)	20,667
Occupancy	81,561	8,912	-	35,100	-	2,110	3,548	-	-	(1,803,267)	805,785
Insurance and Taxes	28,167	7,743	-	1,354,799	693,578	160,355	908	-	57,182	-	3,118,989
Utility Expenses	12,305	-	-	2,924,360	217,678	14,160	-	-	6,785	-	3,743,729
Repairs and Maintenance	5,275	150	-	2,651,605	363,854	60,264	-	-	6,077	-	3,542,185
Office Expenses	3,081	1,771	-	75,915	-	3,669	1,718	-	75	-	532,259
Furniture and Fixtures	254	-	-	128	-	-	-	-	-	-	142,143
Technology and Communication	18,178	22,220	-	170,645	26,476	17,687	3,963	-	2,515	-	1,795,579
Consumable Supplies	3,049	5,397	-	10,814	-	8,551	-	-	-	(944,513)	2,544,658
Monetary Assistance	-	-	-	108,966	-	798,869	-	-	-	(10,171,443)	254,105
Miscellaneous	10,466	756	-	10,018,941	855	47,718	-	-	-	(1,530,211)	316,153
Program Construction	-	-	1,817,048	-	-	18,663	-	-	-	-	743,998
Donated Materials and Services	-	-	-	-	-	-	-	-	-	-	-
Depreciation	56,029	-	-	3,499,165	1,164,571	214,238	-	-	88,809	(199,206)	5,432,779
Interest expense	-	-	-	4,252,062	642,673	99,687	-	-	(23,685)	(339,209)	5,620,729
Bad Debt Expense (Recovery)	(2)	-	(12,898)	79,803	40,607	8,749	-	-	1,519	-	574,352
Total Operating Expenses	3,649,733	388,781	1,804,150	32,162,876	3,763,192	1,992,679	46,309	5,350	141,507	(27,405,968)	93,213,289
NONOPERATING ACTIVITY											
Gain/Loss on Sale of Assets, Net	-	-	-	-	(18,228)	(65,878)	-	-	-	216,165	(356,081)
Impairment Loss on Real Estate	-	-	-	-	-	(18,373)	-	-	-	-	(18,373)
Net Nonoperating Activity	-	-	-	-	(18,228)	(84,251)	-	-	-	216,165	(374,454)
CHANGE IN NET ASSETS	\$ (13,985)	\$ (331,167)	\$ 16,868,844	\$ 4,890,611	\$ (882,228)	\$ 1,717,754	\$ (44,022)	\$ 94,650	\$ (141,428)	\$ 420,779	\$ 14,868,202

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS
YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	\$ 14,868,202
Change in Net Assets	\$ 14,868,202
Adjustment to Reconcile Net Assets to Net Cash Provided by Operating Activities:	
Depreciation	5,432,779
Realized/Unrealized Loss on Investments	122,635
Change in Allowance for Doubtful Accounts and Provision for Loan Loss	574,352
Gain on Sale of Assets, Net	(16,449,167)
Impairment Loss on Real Estate	18,373
Amortization of Loan Issuance Costs	266,949
Forgivable Loan Principal Reduction	(51,643)
(Increase) Decrease in Assets:	
Grants and Contracts, Net	(1,731,981)
Interest Receivable	(123,424)
Other Receivables, Net	(182,381)
Prepaid Expenses	292,123
Related Party Receivables, Net	(45,633)
(Increase) Decrease in Liabilities:	
Accounts Payable and Accrued Expenses	845,496
Deferred Revenue	(140,660)
Other Liabilities	(466,372)
Net Cash Provided by Operating Activities	<u>3,229,648</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Purchases of Real Estate and Property and Equipment	(6,481,341)
Proceeds from Sale of Real Estate and Property and Equipment	22,381,188
Purchases of Investments	(3,071,040)
Proceeds from Sales of Investments	2,048,893
Purchases of Real Estate Held for Sale	(6,549,402)
Proceeds from Sales of Real Estate	1,723,500
Change in Deposits and Funded Reserves	859,305
Payments Received from Notes Receivable	3,989,626
Issuances of Notes Receivable	(24,237,815)
Change in Other Assets	124,832
Net Cash Provided by Investing Activities	<u>(9,212,254)</u>
CASH FLOWS FROM FINANCING ACTIVITIES	
Proceeds from Mortgages and Other Debt Borrowings	23,381,373
Payments on Mortgages and Other Debt	(16,846,228)
Debt Issuance Costs	(15,963)
Proceeds from Lines of Credit	18,116,568
Net Cash Provided by Financing Activities	<u>24,635,750</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	18,653,144
Cash and Cash Equivalents - Beginning of Year	<u>14,861,960</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 33,515,104</u>

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
YEAR ENDED JUNE 30, 2020

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid for Interest	<u>\$ 5,620,729</u>
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**SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING
AND FINANCING ACTIVITIES**

Real Estate Held for Sale Transferred to Rental Real Estate	<u>\$ 532,705</u>
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Purchase of Property Through Debt Issuance	<u>\$ (1,769,022)</u>
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Repayment of Debt Through Sale of Property	<u>\$ 30,827,468</u>
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Cash and Cash Equivalents Consist of the Following:

Cash and Cash Equivalents	\$ 30,426,491
Restricted Cash	395,623
Cash Held for Loan Programs	<u>2,692,990</u>
Total Cash and Cash Equivalents	<u>\$ 33,515,104</u>

See accompanying Notes to Consolidated Financial Statements.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations

Chicanos Por La Causa, Inc. (CPLC or the Organization) is an Arizona statewide community development corporation (CDC) with operations in Nevada, New Mexico and Texas, committed to building stronger, healthier communities as a lead advocate, coalition builder, and direct service provider. CPLC promotes positive change and self-sufficiency to enhance the quality of life for the benefit of those they serve. The objective of CPLC and its subsidiaries and affiliates (collectively referred to as CPLC or Organization) is the accumulation of a sufficient capital asset base to continually advance the mandate for self-sufficiency, as stated in Title VII of the Community Services Act of 1974 (Title VII). CPLC receives substantially all of its revenue from government contracts and rental income from its real estate properties.

Principles of Consolidation

The accompanying consolidated financial statements include the financial statements of CPLC and its subsidiaries, Futuro Investments Corp. (FIC); Tiempo, Inc. (Tiempo); La Causa Realty, LLC (LCR); La Causa Development, LLC (LCD); Futuro Camion Services, LLC; Liberty-Irvington, LLC; Friendship Community Mental Health Center (FCMHC); Prestamos CDFI, LLC (PC); La Causa Construction (LCC); San Marina Apartments, LLC; San Marina Affordable Apartments, LLC (SM); Casa Loma Affordable Apartments, LLC (CL); Glenrosa Affordable Apartments, LLC (GA or La Buena Vida); Hazelwood Affordable Apartments, LLC (HA or Starlight); Bella Vista Management LLC and Bella Vista Properties I Limited Partnership; Villa Las Vegas Limited Partnership; Ladera Village Limited Partnership; Mountain Pointe Apartments LIHTC, LLC and Mountain Pointe Apartments, LP; CPLC Donation Partners, LLC (DP); CPLC Housing Partners, LLC; Casa de Primavera Apartments, LLC (COP); Gran Victoria Housing, LLC (GV); CPLC Estancia, LLC; CPLC Housing & Health, LLC; Central and Grant Plaza, LLC; CPLC Fountain Villas, LLC; Chicanos por la Causa Land Bank, LLC; CPLC Holding and Asset Management Company, LLC; CPLC Land Bank Manager, LLC; Futuro Equity Fund, LLC; CPLC NM Community Stabilization Partners, LLC (CS); CPLC Pickle House, LLC; 59TH Avenue and Roosevelt, LLC; Nuevas Vistas on Main, LLC (Mesa Royal); CPLC 1551 W. Van Buren, LLC; CPLC Pastor Court, LLC; Vista Village on Van Buren, LLC (Travel Inn); CPLC Shouse, LLC; CPLC 25th and Bell LLC; La Causa Development Nevada, LLC; La Causa Realty Nevada, LLC ;CPLC Main and Country LLC and Main and Country Club, LLC, CPLC Prestamos, Mesa Royale East Motel LLC, CPLC Southwest Charter Schools, LLC, CPLC Broadway Revitalization LLC and CPLC Mesa 5th Place LLC.

Also included in the accompanying consolidated financial statements are the assets, liabilities, and net assets of eleven affiliates which are under common control, and in which CPLC possess an economic interest. These include CPLC Community Schools (CCS); Santa Cruz Apartments, Inc. (SC); Causa Community Development, Inc. (CCD); Pueblo Senior Housing, Inc. (PSH); Casa Del Pueblo II, Inc. (PSH II); Casa Mia Senior Apartments, Inc. (CM); CPLC New Mexico, Inc.; and CPLC Nevada, Inc. (CPLC Nevada); CPLC Action Fund, CPLC Health Inc. (ARZA Home Health LLC) and CPLC Texas Inc. SC owns the Santa Cruz apartment complex; CCD owns the Guadalupe Barrio Nuevo apartment complex; and PSH owns the Casa Del Pueblo apartment complex. All significant inter-organization transactions and accounts have been eliminated in consolidation.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Principles of Consolidation (Continued)

The consolidated financial statements of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates have been prepared on the accrual basis of accounting. The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of Presentation

The accompanying consolidated financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) applicable to nonprofit organizations. The Organization's consolidated financial statements are prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor (or certain grantor) restrictions. The governing board has designated, from net assets without donor restrictions, net assets for an operating reserve and board-designated endowment.

Net Assets With Donor Restrictions – Net assets subject to donor- (or certain grantor-) imposed restrictions. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Donor-imposed restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, when the stipulated purpose for which the resource was restricted has been fulfilled, or both.

We report contributions restricted by donors as increases in net assets without donor restrictions if the restrictions expire (that is, when a stipulated time restriction ends, or purpose restriction is accomplished) in the reporting period in which the revenue is recognized. All other donor-restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

The Organization considers all cash and highly liquid financial instruments with original maturities of three months or less to be cash and cash equivalents. Restricted cash consists of funds held for the Classroom Site Fund, for use solely at school sites. These funds are available for teacher compensation increases, employment related expenses and maintenance and operations purposes including classroom size reduction

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Cash Held for Loan Programs

CPLC receives loans and grant funds from various sources to be used for loans to new or existing small businesses or as cash reserves for loan losses. These loans are included in mortgages payable in the accompanying consolidated statement of financial position. The funds are maintained in separate bank accounts. As of June 30, 2020, CPLC had \$2,126,603 in these accounts as cash designated for lending that are to be used to fund additional loans and \$566,387, as cash held for loan loss reserves.

Grants and Contracts Receivable

Grants and contracts receivable consist primarily of amounts due from state and federal agencies for the provision of services; accordingly, credit risk is limited. Receivables are stated at the amount management expects to collect. Management provides for probable uncollectible amounts through a decrease to earnings and an increase to the allowance for uncollectible accounts based on its assessment of the current status of individual receivables. The allowance for uncollectible receivables was \$352,367 as of June 30, 2020.

CPLC recognizes contributions when cash, securities or other assets; an unconditional promise to give; or a notification of a beneficial interest is received. Conditional promises to give that is, those with a measurable performance or other barrier and a right of return are not recognized until the conditions on which they depend have been met. Federal and state contracts and grants are conditioned upon certain performance requirements and the incurrence of allowable qualifying expenses. Consequently, at June 30, 2020, conditional contributions approximating \$4,189,423, of which no amounts had been received in advance, have not been recognized in the accompanying consolidated financial statements.

Notes Receivable

Notes receivable consists of loans made to small businesses. They are reported at their outstanding unpaid principal balance adjusted for the notes allowance for notes receivable credit losses.

Interest income is accrued on the unpaid principal balance. The accrual of interest on loans is discontinued at the time the loan is 90 days delinquent unless the credit is well secured and in process of collection. Past due status is based on contractual terms of the loan. Loans are placed on nonaccrual or charged-off at an earlier date if collection of principal or interest is considered doubtful.

All interest accrued but not collected for loans that are placed on nonaccrual or charged-off is reversed against interest income. The interest on these loans is accounted for on the cash-basis or cost-recovery method, until qualifying for return to accrual. Loans are returned to accrual status when all the principal and interest amounts contractually due are brought current and future payments are reasonably assured.

The Organization has determined that the accounting for nonrefundable fees and costs associated with originating or acquiring loans does not have a material effect on its consolidated financial statements. As such, these fees and costs have been recognized during the period they are collected and incurred, respectively.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Allowance for Notes Receivable Credit Losses

The allowance for notes receivable credit losses is established as losses are estimated to have occurred through a provision for loan losses charged to earnings. Loan losses are charged against the allowance when management believes the uncollectibility of a loan balance is confirmed. Subsequent recoveries, if any, are credited to the allowance.

The allowance for notes receivable credit losses is evaluated on a regular basis by management and is based upon management's periodic review of the collectability of the loans in light of historical experience, the nature and volume of the loan portfolio, adverse situations that may affect the borrower's ability to repay, estimated value of any underlying collateral and prevailing economic conditions. This evaluation is inherently subjective as it requires estimates that are susceptible to significant revision as more information becomes available.

The allowance consists of allocated and general components. The allocated component relates to loans that are classified as impaired. For those loans that are classified as impaired, an allowance is established when the discounted cash flows (or collateral value or observable market price) of the impaired loan is lower than the carrying value of that loan. The general component covers nonimpaired loans and is based on historical loss rates for each portfolio segment, adjusted for the effects of qualitative or environmental factors that are likely to cause estimated credit losses as of the evaluation date to differ from the portfolio segment's historical loss experience. Qualitative factors include consideration of the following: changes in lending policies and procedures; changes in economic conditions; changes in the nature and volume of the portfolio; changes in the experience, ability and depth of lending management and other relevant staff; changes in the volume and severity of past due, nonaccrual and other adversely graded loans; changes in the loan review system; changes in the value of the underlying collateral for collateral-dependent loans; and concentrations of credit and the effect of other external factors such as competition and legal and regulatory requirements.

Investments in Limited Liability Companies

The Organization is the sole member of six limited liability companies (LLCs): Casa De Encanto Operating Company, LLC; Casa De Flores Operating Company, LLC; Guadalupe Huerta Operating Company, LLC; Rosa Linda Operating Company, LLC; Mountain Pointe Apartments LIHTC Phase II, LLC and Highland Manager, LLC. These LLCs have virtually no assets or liabilities as of June 30, 2020. These LLCs manage the general partnership interest for Casa De Encanto Senior Apartments LIHTC, LP; Casa De Flores Senior Apartments LIHTC, LP; Guadalupe Huerta Senior Apartments LIHTC, LP; Rosa Linda Senior Apartments LIHTC, LP; Mountain Pointe Apartments Phase II, LP and Highland at Vista, LLC. The LLCs have 0.01% general partner interest in each of the Partnerships, and have minimal assets, liabilities, revenue, and expenses.

In October 2017, the Organization invested \$412,871 into Courtyard at Encanto, LLC, which is the owner of a 160-unit multifamily apartments. The investment represented 15% ownership of the LLC.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments in Affiliated Entities

The equity method of accounting is used when the Organization has 20% to 50% interest in other entities. Under the equity method, original investments are recorded at cost and adjusted for the Organization's share of undistributed earnings or losses of these entities. Nonmarketable investments in which the Organization has less than a 20% interest and in which it does not have the ability to exercise significant influence over the investee are initially recorded at cost, and periodically reviewed for impairment.

Investments in Debt and Equity Securities

The Organization records investment purchases at cost, or if donated, at fair value on the date of donation. Thereafter, investments are reported at their fair values in the consolidated statement of financial position. Net investment return/(loss) is reported in the consolidated statement of activities and consists of interest and dividend income, realized and unrealized capital gains and losses, less investment management and custodial fees.

Real Estate Held for Sale

Real estate held for sale is stated at lower of cost or market and includes foreclosed properties, land under development, developed lots, direct and indirect costs of housing construction and interest, and overhead costs incurred during the development period. Cost is determined by the specific identification method.

Real Estate Properties and Property and Equipment

The Organization records real estate properties and property and equipment additions over \$5,000 at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from five to forty years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful lives of the assets or the lease terms. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any resulting gain or loss is included in the consolidated statement of activities. Costs of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

The Organization reviews the carrying values of real estate property and property and equipment for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. During the year ended June 30, 2020, the Organization recognized an impairment loss of \$18,373.

Deposits and Funded Reserves

Deposits and funded reserves are assets whose use is limited and are held by trustees under third-party debt agreements. Deposits consist of escrow and security deposits, and reserves are required for property replacements and repairs.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which approximates the effective interest method. Debt issuance costs are included within long-term debt on the consolidated statement of financial position. Amortization of debt issuance costs is included in interest expense.

Deferred Revenue

Each month, the Organization receives block payment funding for behavioral health services from the Regional Behavioral Health Authority (RBHA) in Maricopa County. These funds are considered earned if total service claims generated equal or exceed the block payments. If service claims are insufficient, the RBHA has the contractual right to recoup the fund or characterize the deficiency as deferred revenue with an authorization to use the funding in the next fiscal year. For the year ended June 30, 2020, the Organization has a service claim deficiency balance of \$2,127,838.

Prestamo CDFI, LLC participated in Paycheck Protection Program (PPP) lending, which was based on the Coronavirus Aid Relief and Economic Security Act (the "CARES" act) in the last quarter of fiscal year 2020. For each approved PPP loan, the Small Business Administration (SBA) covered a percentage of the loan principal balance as a loan processing fee to the organization. The fee is amortized through the term of each PPP loan. As of June 30, 2020, the Organization received \$748,661 from SBA, \$21,343 was recognized as loan fee revenue and \$727,318 was recorded as deferred revenue.

Revenue and Revenue Recognition

Revenue is recognized when earned. Program service fees and payments under cost-reimbursable contracts received in advance are deferred to the applicable period in which the related services are performed, or expenditures are incurred, respectively.

Management Fee Revenue

Management fee revenue consists primarily of development fees related to property acquisition and construction development and property management activities for real estate and New Market Tax Credit Community Development Entity (CDE) Sponsor Fees and CDE Asset Management Fees earned from the Sub-CDEs. Management fees related to charges to real estate properties are eliminated in consolidation. CDE Sponsor Fees are recognized when an investor makes a qualified equity investment in a Sub-CDE or is otherwise earned in accordance with the terms of the individual CDE Fee Agreement. CDE Asset Management Fees are recognized as services are performed and collectability is reasonably assured.

Rental Income Revenue Recognition

Rental income revenue consists primarily of rental receipts from tenants and Section 8 housing subsidy payments and/or mortgage guarantees under CPLC's contracts with the U.S. Department of Housing and Urban Development (HUD). Revenue is recognized monthly in accordance with the lease agreement or contract. As of June 30, 2020, amounts due from tenants and/or HUD are included within grants and contracts receivables.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Rental Income Revenue Recognition (Continued)

These receivables are evaluated by management on an annual basis accordingly, an allowance for doubtful accounts was setup. As of June 30, 2020, the allowance for doubtful accounts balance was \$56,245.

Donated Services and In-Kind Contributions

Volunteers contribute significant amounts of time to our program services, administration, and fundraising and development activities; however, the consolidated financial statements do not reflect the value of these contributed services because they do not meet recognition criteria prescribed by accounting principles generally accepted in the United States of America. Contributed goods are recorded at fair value at the date of donation. The Organization records donated professional services at the respective fair values of the services received. The Organization received airtime and production costs valued at \$739,772 for the year ended June 30, 2020. The revenues and expenses for these contributions are recorded in management and general in the consolidated statement of functional revenue and expenses.

Advertising and Marketing Costs

Advertising and marketing costs are charged to operations when incurred. Advertising and marketing costs charged to operations were \$1,086,798 for the year ended June 30, 2020.

Benefits

The Organization has a partially self-insured health benefit program covering medical and prescription claims. The plan includes a stop-loss provision that insures claims exceeding \$175,000.

The Plan offers health benefits to regular, full-time employees working 30 or more hours per week and their beneficiaries and covered dependents once a 90-day waiting period is met. The cost of health care services is recognized as a deduction in the period in which it is provided to participants. Liabilities for health claims incurred but not reported are estimated based on historical claims and industry trends.

Functional Allocation of Expenses

The costs of program and supporting services activities have been summarized on a functional basis in the consolidated statement of activities. The consolidating statement of functional revenues and expenses presents the natural classification detail of revenues and expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited. The allocation methods used are subject to a degree of estimation by management. Directly identifiable expenses are charged to program and supporting services. Salary and related expenses related to more than one function are charged to program and supporting services on the basis of direct time and effort reporting. Management and general expenses include those expenses that are not directly identifiable to any other specific function but provide for the overall support and direction of the Organization.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Use of Estimates in the Preparation of Consolidated Financial Statements

The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make a number of 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.

Income Taxes

CPLC, SC, CCD, PSH, PSH II, CPLC SW, CM, CPLC New Mexico, CCS, CPLC Nevada, CPLC Health Inc. CPLC Texas Inc. and CPLC Action Fund are organized as nonprofit corporations and have been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code (IRC) as organizations described in Section 501(c)(3) and Section 501(c)(4) and have been determined not to be private foundations. Accordingly, contributions to them qualify for the charitable contribution deduction under Section 170(b)(1)(A). Each entity is annually required to file a Return of Organization Exempt from Income Tax with the IRS.

GV, CPLC Nevada, PC, SM, CL, GA, HA, COP, DP, Chicanos por la Causa Land Bank, LLC; CPLC Holding and Asset Management Company, LLC; CPLC Land Bank Manager, LLC; CPLC Housing & Health, LLC; CPLC Villas, LLC, San Marina Apartments, LLC; 59TH Avenue and Roosevelt, LLC; Nuevas Vistas on Main, LLC (Mesa Royal); CPLC 1551 W. Van Buren, LLC; Vista Village on Van Buren, LLC; CPLC Shouse, LLC; CPLC 25th and Bell LLC; CPLC Southwest Charter Schools, LLC, CPLC Broadway Revitalization LLC and CPLC Mesa 5th Place LLC are organized as Limited Liability companies whose sole member is CPLC. CPLC Estancia and CPLC Fountain Villas are organized as a Limited Liability whose sole member is CPLC Housing & Health, LLC. Futuro Equity Fund is organized as an LLC whose sole member is PC. For income tax purposes, they are disregarded entities and are treated as departments of CPLC. Bella Vista Properties I LP is organized as a limited partnership whose sole partner is CS. For income tax purposes, it is a disregarded entity and treated as a department of CS. Villa Las Vegas, NM; Bella Vista Management, LLC; Ladera Village, LLC, and CS are organized as Limited Liability Companies whose sole member is CPLC New Mexico, Inc. Accordingly, the disregarded LLCs are exempt from income taxes under the applicable sections of the IRC and the Arizona Revised Statutes. In addition, the entities are generally subject to income tax on net income that is derived from business activities that are unrelated to their exempt purposes. CPLC and affiliates have determined it does not have any taxable unrelated business income and they have not filed Exempt Organization Business Income Tax Returns.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
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NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Income Taxes (Continued)

FIC, a for-profit company, files a consolidated income tax return with its subsidiaries, Tiempo, Futuro Camion Servicios, LLC; LCC; LCD; LCD Nevada; LCR; LCR NV; Liberty-Irvington, LLC; Central and Grant Plaza, LLC; CPLC Main and Country Club LLC; Main and Country Club LLC Mesa Royale East Motel LLC, are organized as Limited Liability Companies whose sole member is FIC. For income tax purposes, they are disregarded entities and are treated as departments of FIC. Friendship Community Mental Health Center, Inc.; and CPLC Prestamos are each separately taxable corporations and are responsible for filing their own income tax returns.

The Organizations have sustained operating losses in previous and current years from its for-profit subsidiaries and have loss carryforwards aggregating approximately \$2.43 million dollars. Capital loss carryforwards (\$524,081) expire in 2022. Net operating losses (\$2.43 million) expire in years through 2038. There are also charitable contribution carryovers of approximately \$1 million that expire in years through 2022. The loss carryforwards generate a deferred tax asset that may be realized in future years. It is the opinion of management that it is more likely than not that some portion or all of the deferred tax asset will not be realized. The Organization has elected to record a valuation allowance to reduce any deferred tax assets to zero as of June 30, 2020.

The Organization believes that it has appropriate support for any income tax positions taken and, as such, does not have any uncertain tax positions that are material to the consolidated financial statements. The entities would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Change in Accounting Principle

In 2020, the Organization adopted Financial Accounting Standards Board (FASB) Accounting Standards Update (ASU) 208-08, *Not-for-Profit-Entities* (Topic 958): *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made*. There was no material impact on the Organization's financial position or change in net assets upon adoption of the new standard.

NOTE 2 LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statement of financial position date, comprise the following:

Cash and Cash Equivalents	\$ 30,426,491
Receivables	7,563,249
Investments in Debt and Equity Securities	3,762,069
Less: Net Assets With Donor Restrictions, Net of Restricted Cash	<u>(2,101,245)</u>
Total	<u>\$ 39,650,564</u>

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NOTE 2 LIQUIDITY AND AVAILABILITY (CONTINUED)

In addition to cash on hand, the Organization has a \$3.5 million operating line of credit with Wells Fargo bank which is available for general operating expenditures. As of June 30, 2020, the line of credit had an outstanding balance of \$1,301,023.

As part of the Organization's liquidity management plan, the Organization invests cash in excess of daily requirements in short-term investments, CDs, and money market funds.

NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES

Fair value measurement applies to reported balances that are required or permitted to be measured at fair value under an existing accounting standard. The Organization emphasizes that fair value is a market-based measurement, not an entity-specific measurement. Therefore, a fair value measurement should be determined based on the assumptions that market participants would use in pricing the asset or liability and establishes a fair value hierarchy. The fair value hierarchy consists of three levels of inputs that may be used to measure fair value as follows:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that we can access at the measurement date.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. These include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability, and market-corroborated inputs.

Level 3 – Valuation is based on unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities. Level 3 assets and liabilities may include financial instruments whose value is determined using pricing models, discounted cash flow methodologies, or similar techniques, as well as instruments for which the determination of fair value requires significant management judgment or estimation.

In some cases, the inputs used to measure the fair value of an asset or a liability might be categorized within different levels of the fair value hierarchy. In those cases, the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. Assessing the significance of a particular input to entire measurement requires judgment, taking into account factors specific to the asset or liability.

The categorization of an asset within the hierarchy is based upon the pricing transparency of the asset and does not necessarily correspond to our assessment of the quality, risk or liquidity profile of the asset or liability.

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NOTE 3 FAIR VALUE MEASUREMENTS AND DISCLOSURES (CONTINUED)

The following table summarizes the valuation of CPLC's assets and liabilities subject to measurements at fair value on a recurring basis as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Fixed Income Securities	\$ 92,714	\$ -	\$ -	\$ 92,714
Government and Agency Securities	580,105	-	-	580,105
Corporate Bonds	-	520,666	-	520,666
Equities - Common Stock	2,351,872	-	-	2,351,872
Mutual Funds	200,555	-	-	200,555
Arizona Community Foundation	-	-	16,157	16,157
Total Investments at Fair Value	<u>\$ 3,225,246</u>	<u>\$ 520,666</u>	<u>\$ 16,157</u>	<u>\$ 3,762,069</u>

The following table presents the fair value hierarchy for the balances of financial assets measured at fair value on a nonrecurring basis as of June 30, 2020:

	Level 1	Level 2	Level 3	Total
Real Estate Held for Sale	\$ -	\$ -	\$ 276,720	\$ 276,720
Impaired Loans	-	-	204,115	204,115
Total Assets at Fair Value	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 480,835</u>	<u>\$ 480,835</u>

The fair value of impaired loans is estimated based on either the loan's obtainable market price or the fair value of the collateral if the loan is collateral dependent or the discounted cash flows of future payments. Each method contains significant unobservable inputs and thus is classified as Level 3 fair value measurement.

A portion of the real estate held for sale is based on what the local markets are currently offering for assets with similar characteristics, less costs to sell, which CPLC classifies as Level 3 fair value measurement. The most common approach is through appraisals which are evaluated for various factors including age of the appraisal, age of comparables included in the appraisal, and known changes in the market and in the collateral.

A summary of unobservable inputs for Level 3 assets measured at fair value on a nonrecurring basis as of June 30, 2020, are as follows:

	Valuation Technique	Unobservable Inputs	Range (Weighted Average)
Real Estate Held for Sale	Collateral Valuation	Discount from Market Values	70% to 100% 70%
Impaired Loans	Collateral Valuation	Discount from Market Values	90% to 100% 90%

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NOTE 4 RELATED PARTY ACCOUNTS RECEIVABLE

Related party receivables consist of amounts due from low income housing real estate projects that CPLC has invested in or nonprofit organizations which CPLC holds membership in. These receivables primarily result from development fees earned at the inception of these projects and funds advanced to the projects. Related party receivables are stated at the amount management expects to collect and management provides an allowance for uncollectible accounts. The allowance for uncollectible related party receivables was \$104,886 as of June 30, 2020.

Casa de Encanto	\$ 104,795
Casa de Flores	5,728
Rosa Linda/Gene Rice	615,810
Guadalupe Huerta	8,151
Mountain Pointe Phase II	391,001
Courtyard at Encanto	19,789
Other Related Party Receivables	<u>150,632</u>
Total Related Party Accounts Receivable	1,295,906
Less: Allowance	<u>(104,886)</u>
Related Party Accounts Receivable, Net	<u><u>\$ 1,191,020</u></u>

The above accounts receivable are unsecured and have no repayment terms.

NOTE 5 REAL ESTATE PROPERTIES

Santa Cruz Apartments, organized by SC, has 132 units and is not a HUD property. Vue Nineteen 01 Apartments (289 units) and Grandes Cortez Apartments (151 units), organized under Gran Victoria LLC, are market rate properties. Casa de Primavera (COP) and Casa Del Pueblo II (CDP II), projects of CPLC, operate apartment complexes of 162 and 38 units, respectively, under Section 202 of The National Housing Act of 1959. Casa Del Pueblo, organized by PSH, has 58 units and is operated under Section 811 of National Housing Act as amended. Guadalupe Barrio Nuevo Apartments, organized by CCD, has 60 units and is operated under Section 207 of the National Housing Act of 1959 and are HUD properties. Casa Mia Senior Apartments has 64 units and is operated under Section 202 of the National Affordable Housing Act, as amended.

The projects are regulated by HUD as to rent charges and operating methods and require maintaining various deposits and reserves in restricted cash accounts. These items are included in deposits and funded reserves in the accompanying consolidated statement of financial position. COP, CDP II, CCD, PSH and Casa Mia have executed rental assistance contracts with HUD whereby HUD provides financial assistance to enable certain private housing to be available to individuals who are elderly, handicapped or low income.

San Marina Affordable Apartments, LLC; Casa Loma Affordable Apartments, LLC; Glenrosa Affordable Apartments, LLC; and Hazelwood Affordable Apartments, LLC were purchased using funds provided under the Neighborhood Stabilization Program Part II. San Marina Affordable Apartments was sold in March 2020.

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NOTE 5 REAL ESTATE PROPERTIES (CONTINUED)

During fiscal year 2015, the limited partner of one low-income tax credit apartments transferred 99.99% ownership to CPLC New Mexico, Inc. upon completion of the 15-year compliance period. The apartments are Bella Vista Apartments (40 units) located in Taos, New Mexico.

During 2016, CPLC obtained low interest rate financing from United Health Care to purchase two additional multifamily properties, CPLC Estancia Apartments and CPLC Fountain Villas Apartments. Both apartments are located in the Phoenix Maryvale area and are part of the CPLC community service center program to restore and stabilize the economic environment for the local area.

During fiscal year 2017, the limited partners of two low income tax credit apartments transferred 99.99% ownership to CPLC and CPLC New Mexico, Inc. upon completion of the 15-year compliance period. The two apartments are Mountain Pointe Apartments (108 units located in Nogales, Arizona) and Villa Las Vegas Apartments (60 units located in Las Vegas, New Mexico).

During fiscal year 2020, the limited partners of Ladera Village Apartments transfer 99.99% ownership to CPLC New Mexico, Inc. upon completion of the 15-year compliance period of low-income tax credit. The property has 60 units and is located in Farmington, New Mexico.

In January 2020, CPLC sold a property consisting of multifamily apartments, and recognized a gain of \$207,992. The apartments were purchased in February 2018 and were still being renovated when sold, under CPLC's programs to support economic development.

In March 2020, CPLC sold San Marina Apartments, which were a part of CPLC's economic development programs. The sale resulted in a recognition of a gain of \$15,949,838 reported in other revenues gain on sale of assets.

The Organization owns different commercial buildings purchased through grants, private mortgages or a combination of both. The buildings are leased to internal programs or to third parties. The Organization also owns single-family rental homes that are leased to unrelated third-party residents.

Real estate properties consisted of the following at June 30, 2020:

Cost and Donated Value:	
Land	\$ 18,727,087
Buildings and Improvements	128,401,927
Furniture, Fixtures and Equipment	5,575,115
Construction in Progress	5,980,213
Total Cost and Donated Value	<u>158,684,342</u>
Less: Accumulated Depreciation	<u>(56,953,184)</u>
Real Estate Properties, Net	<u><u>\$ 101,731,158</u></u>

Depreciation expense on real estate properties charged to operations was \$4,877,163 for the year ended June 30, 2020.

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NOTE 5 REAL ESTATE PROPERTIES (CONTINUED)

At June 30, 2020, construction in progress consists of renovations of current facilities and development of new facilities. The Organization capitalized \$755,579 of interest incurred on construction in progress during the year ended June 30, 2020.

NOTE 6 PROPERTY AND EQUIPMENT

Property and equipment consisted of the following at June 30, 2020:

Cost and Donated Value:

Land	\$ 1,046,533
Buildings and Improvements	5,928,369
Furniture, Fixtures and Equipment	4,461,477
Vehicles	4,013,444
Construction in Progress	14,627,072
Total Cost and Donated Value	<u>30,076,895</u>
Less: Accumulated Depreciation	<u>(10,551,733)</u>
Property and Equipment, Net	<u>\$ 19,525,162</u>

Depreciation expense on property and equipment charged to operations was \$555,616 for the year ended June 30, 2020.

At June 30, 2020, construction in progress consisted of renovations of current facilities and development of new facilities. The Organization capitalized \$228,581 of interest incurred on construction in progress during the year ended June 30, 2020.

NOTE 7 NOTES RECEIVABLE

Prestamos CDFI, LLC (PC) notes receivable are summarized as follows as of June 30, 2020:

Micro Loans	\$ 1,628,644
Business Loans	28,720,684
Paycheck Protection Program (PPP)	15,839,680
Residential Mortgage	70,367
Citizenship Loans (Pilot Program)	14,056
Total Loans	<u>46,273,431</u>
Intercompany Loans (Eliminated in Consolidation)	<u>(2,553,924)</u>
Allowance for Loan Losses	<u>(826,942)</u>
Loans, Net Intercompany and Allowance	<u>\$ 42,892,565</u>
Current Portion of Loans	<u>\$ 1,753,641</u>

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NOTE 7 NOTES RECEIVABLE (CONTINUED)

The following table presents the activity in the allowance for loan losses by portfolio segment for PC for the year ended June 30, 2020 and the balance in the allowance for loan losses and the recorded investment in loans by portfolio segment based on impairment method for PC as of June 30, 2020:

	Micro Loans	Business Loans	Residential Mortgage	Citizenship Loan (Pilot Program)	PPP	Total
Allowance for Credit Losses:						
Balance at Beginning of Year	\$ 5,445	\$ 500,810	\$ 1,428	\$ -	\$ -	\$ 507,683
Charge-Offs	-	(141,619)	-	-	-	(141,619)
Recoveries	77,988	-	-	-	-	77,988
Provisions	(60,343)	443,254	(21)	-	-	382,890
Balance at End of Year	<u>\$ 23,090</u>	<u>\$ 802,445</u>	<u>\$ 1,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,942</u>
Individually Evaluated for Impairment						
	\$ 12,333	\$ 110,987	\$ -	\$ -	\$ -	\$ 123,320
Collectively Evaluated for Impairment						
	10,757	691,458	1,407	-	-	703,622
Balance at End of Year	<u>\$ 23,090</u>	<u>\$ 802,445</u>	<u>\$ 1,407</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 826,942</u>
Loans and Financing						
Receivables:						
Individually Evaluated for Impairment						
	\$ 40,126	\$ 710,466	\$ -	\$ -	\$ -	\$ 750,592
Collectively Evaluated for Impairment						
	1,588,518	28,010,218	70,367	14,056	15,839,680	45,522,839
Balance at End of Year	<u>\$ 1,628,644</u>	<u>\$ 28,720,684</u>	<u>\$ 70,367</u>	<u>\$ 14,056</u>	<u>\$ 15,839,680</u>	<u>\$ 46,273,431</u>

Credit Quality Indicators

PC categorizes loans into risk categories based on relevant information about the ability of borrowers to service their debt such as: current financial information, historical payment experience, collateral adequacy, credit documentation, public information, and current economic trends, among other factors. PC analyzes loans individually by classifying the loans as to credit risk. This analysis typically includes micro, business, and residential loans. This analysis is performed on an ongoing basis as new information is obtained. PC uses the following definitions for risk ratings:

Pass – Loans classified as pass represent loans that are evaluated and are performing under the stated terms. Pass rated assets are analyzed by the paying capacity, the current net worth, and the value of the loan collateral of the obligor.

Non-Pass – Loans classified as Non-Pass possess weaknesses that require management attention, such as being inadequately protected by the current net worth, paying capacity of the obligor, or by the collateral pledged. Non pass loans must have a well-defined weakness or weaknesses that jeopardize the repayment of the debt as originally contracted. They are characterized by the distinct possibility that PC may sustain a loss if the deficiencies are not correct. Loans in this category are allocated a specific reserve based on the estimated discounted cash flows from the loan (or collateral value less cost to sell for collateral dependent loans) or are charged off if deemed uncollectible.

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NOTE 7 NOTES RECEIVABLE (CONTINUED)

Credit Risk Profile by Internally Assigned Grade – Micro Loans, Business Loans, and Residential Mortgage

A loan is considered impaired when, based on current information and events, it is probable that Prestamos will be unable to collect all the scheduled payments of principal or interest when due according to the contractual terms of the loan agreement. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when they are due. Loans that experience insignificant payment delays and payments shortfalls generally are not classified as impaired. Management determines the significance of payment delays and payments shortfalls on case by case basis, taking into consideration all of the circumstance surrounding the loan and the borrower, including the length of the delay, the reason for the delay, the borrower's prior payments record, and the amount if the shortfall in relation to the principal and interest owed.

Under certain circumstances, Prestamos will provide borrowers relief through loan restructuring. A restructuring of debts constitutes a troubled debt restructuring (TDR) if Prestamos for economic or legal reasons related to the borrower's financial difficulties grants concessions to the borrower that would not otherwise consider. TDR concession can include reduction of interest rates, extension of maturity dates, or payment reduction. Prestamos considers all aspects of the restructuring to determine whether it has granted a concession to the borrower. An insignificant delay in payment resulting from a restructuring is not deemed to be a concession and would not be considered TDR.

On March 22, 2020, Interagency statement of Loan Modifications and Reporting for Financial Institutions Working with Customers Affected by the Coronavirus (interagency release) was issued and later revised on April 7, 2020. The Interagency Release seeks to provide relief when structuring loan modification with the borrowers impacted by COVID-19. In order to qualify the modification must be related to COVID-19, the loan was current at the time the modification was implemented, and the modification period must be six months or less. Under the interagency release, these loan modifications are not considered to be TDR's.

Based on the most recent analysis performed, the risk category of loans by class of loans for PC as of June 30, 2020 was as follows:

	Pass	Non Pass
Micro Loans	\$ 1,221,255	\$ 407,389
Business Loans	27,118,719	1,601,965
Paycheck Protection Program (PPP)	15,839,680	-
Residential Mortgage	70,367	-
Citizenship Loans (Pilot Program)	14,056	-
Total	\$ 44,264,077	\$ 2,009,354

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NOTE 7 NOTES RECEIVABLE (CONTINUED)

Credit Risk Profile by Internally Assigned Grade – Micro Loans, Business Loans, and Residential Mortgage (Continued)

The following table summarizes the aging of the past due loans by loan class within the portfolio segments as of June 30, 2020:

	Still Accruing		Nonaccrual Balance
	30 to 89 Days Past Due	Over 90 Days Past Due	
Micro Loans	\$ -	\$ -	\$ 21,923
Business Loans	-	-	480,466
Residential Mortgage	-	-	-
Total	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 502,389</u>

The following table summarizes individually impaired loans by class of loans as of June 30, 2020:

	Recorded Investments	Unpaid Principal Balance (1)	Average Recorded Investment	Interest Income Recognized
Micro Loans	\$ 40,126	\$ 40,126	\$ 40,126	\$ -
Business Loans	710,466	710,466	710,466	-
Total	<u>\$ 750,592</u>	<u>\$ 750,592</u>	<u>\$ 750,592</u>	<u>\$ -</u>

(1) Represents the borrower's loan obligation, gross of any previously charge-off amounts.

Impaired loans also include loans modified in a troubled debt restructuring (TDR) where concessions have been granted to borrowers experiencing financial difficulties. These concessions could include a reduction in interest rate on the loan, payment extensions, forgiveness of principal, forbearance or other actions intended to maximize collections.

There were no TDR during the year ended June 30, 2020.

CPLC Consolidated Portfolio

Other notes receivable consisted of the following at June 30, 2020:

Assured Engineering Concepts, LLC (Related Party)	\$ 14,000
Tierra Del Sol	245,898
Victoria Foundation	767,949
Other	80,953
Total Other Notes Receivable	<u>1,108,800</u>
Less: Allowance	<u>(767,949)</u>
Other Notes Receivable, Net	<u>\$ 340,851</u>
Current Portion of Other Notes Receivable	<u>\$ 259,898</u>

There was no change in the allowance account on the above business loans during the year ended June 30, 2020.

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NOTE 7 NOTES RECEIVABLE (CONTINUED)

CPLC Consolidated Portfolio (Continued)

CPLC consolidated portfolio consists of the following:

Prestamos CDFI, LLC Portfolio	\$ 46,273,431
Other Notes Receivable	1,108,800
Total Notes Receivable	<u>47,382,231</u>
Intercompany Loans (Eliminated in Consolidation)	(2,553,924)
Allowance for Loan Losses	(826,942)
Allowance for Other Notes Receivable	(767,949)
Notes Receivable, Net Intercompany and Allowances	<u>\$ 43,233,416</u>
Current Portion of Loans	\$ 1,753,641
Current Portion of Other Notes Receivable	259,898
Notes Receivable, Current	<u>\$ 2,013,539</u>

NOTE 8 INVESTMENTS IN DEBT AND EQUITY SECURITIES

Investments consisted of the following at June 30, 2020:

Fixed Income Securities	\$ 92,714
Government and Agency Securities	580,105
Corporate Bonds	520,666
Equities - Common Stock	2,351,872
Mutual Funds	200,555
Arizona Community Foundation	16,157
Total Investments	<u>\$ 3,762,069</u>

NOTE 9 EQUITY METHOD INVESTMENTS

The Organization owns interests in low-income housing real estate projects and other limited liability companies and accounts for these interests using the equity method of accounting.

Summarized below is financial information for equity method investments as of and for the year ended June 30, 2020:

Assured Engineering	\$ 174,505
Mi Escuelita	40,328
NALCAB Network Investors, LLC	510,657
Other	4,185
Total	<u>\$ 729,675</u>

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NOTE 10 LINES OF CREDIT

The Organization has a \$3,500,000 line of credit with Wells Fargo, unsecured. Borrowings under the line bear interest equal to prime rate (3.25% at June 30, 2020). Interest is payable monthly and the line of credit matures in December 2020, and as of June 30, 2020 had an outstanding balance of \$1,301,023.

The Organization obtained a line of credit from Local Initiatives Support Corporation in the amount of \$5,500,000. The loan is secured by real property, bears interest at 5%, and is due at maturity in September 2021. The line of credit is used to fund construction of real estate project in Dayton Nevada and had an outstanding balance of \$4,866,193 at June 30, 2020.

The Organization obtained a Paycheck Protection Program Liquidity Facility (PPPLF) advance agreement with Federal Reserve Bank in May 2020. The Paycheck Protection Program Liquidity Facility (PPPLF) was established by the Federal Reserve to extend credit to eligible financial institutions that originate PPP loans, taking the loans as collateral at face value. The advance is used to fund PPP lending based on the Coronavirus Aid, Relief, and Economic Security Act (the CARES Act).

The advance is secured by PPP loans guaranteed by the Small Business Administration (SBA) and bears interest at 0.35%. The maturity of an advance will equate to the maturity date of the PPP loan pledged to secure the advance. The maturity can be accelerated if the underlying PPP loan goes into default and the Organization sells the PPP loan to the SBA to realize on the SBA guarantee or if PPP loan is forgiven by SBA and the Organization receives reimbursement from SBA. No advance may be made after September 30, 2020. As of June 30, 2020, the outstanding advance balance was \$14,079,270.

During the year ended June 30, 2020, the Organization paid off a line of credit with State Farm that had a \$2,500,000 outstanding balance at June 30, 2019.

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT

Mortgages payable and other debt consisted of the following at June 30, 2020:

Description

<p>Casa Mia Senior Apartments, Inc., Federal Housing and Urban Development (HUD) Capital Advance Program Mortgage Note, collateralized by real property. So long as Casa Mia meets the requirements outlined in the agreement, the note bears no interest and no monthly payments are required. The note is due April 1, 2046. Should Casa Mia default, the entire amount of the note could become due with interest accruing at 5.25%.</p>	<p>\$ 5,601,900</p>
<p>Casa Mia Senior Apartments, Inc., mortgage agreement with the City of Phoenix, collateralized by real property. The note bears no interest and Casa Mia receives a 5.00% principal credit annually, until fully amortized in 2026, provided it complies with the note agreement. Should Casa Mia default, the entire amount of the note could become due with no interest accruing.</p>	<p>146,494</p>
<p>Casa de Primavera Apartments, LLC (COP) mortgage agreement with Greystone, collateralized by substantially all the assets of COP, payable in monthly installments of \$20,596 including interest of 4.00% maturing in November 2048.</p>	<p>4,192,375</p>
<p>Note payable to State Farm for Buckeye Commerce, with a borrowing limit up to \$5,200,000 and collateralized by real property deed of trust and assignment of rents and leases. In April 2018, the loan was modified as 0% interest rate with \$50,000 monthly principal payments and various additional principal as defined in the loan modification, maturing in April 2021.</p>	<p>1,625,081</p>
<p>Note payable to State Farm for Buckeye Commerce, collateralized by real property deed of trust and assignment of rents and leases. In April 2018, the loan was modified as 0% interest rate with \$5,000 monthly principal payments and \$559,045 final payment in April 2021.</p>	<p>604,045</p>
<p>Causa Community Development (Guadalupe Barrio Nuevo) entered into an insured mortgage loan under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended. The mortgage is currently serviced by Bellwether Enterprise Real Estate Capital, LLC, payable in monthly interest and principal payments of \$15,295, bearing 3.92% interest rate and maturing in June 2053.</p>	<p>3,395,113</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

<p>Santa Cruz note payable to Hunt Mortgage Capital, LLC, secured by the security instrument and other loan documents, payable in monthly principal and interest payments of \$10,828 beginning May 2017, including interest of 4.65%, with a balloon payment of \$1,710,472 in April 2027.</p>	<p>\$ 1,994,903</p>
<p>Note payable to Wells Fargo, collateralized by real estate, payable in monthly installments of \$27,803 including interest at 4.15%, maturing May 2024.</p>	<p>3,511,000</p>
<p>Causa Community Development (CCD) second mortgage agreement with HUD, collateralized by substantially all assets of CCD, payable in annual installments in the amount of 75% of surplus cash, as defined, including annually accrued interest at 4.00%, maturing in February 2034.</p>	<p>706,040</p>
<p>Note payable to Arizona Department of Housing for the Corazon Building, secured by certain real property, noninterest bearing. If certain use restrictions associated with the real property are followed, the principal balance will be forgiven in January 2028.</p>	<p>550,000</p>
<p>Note payable to City of Phoenix Housing Department, secured by the Corazon Building, noninterest bearing. If certain use restrictions associated with the real property are followed, the principal balance will be forgiven in May 2050.</p>	<p>550,000</p>
<p>Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA VII, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at .875% commencing in May 2012, maturing in July 2021. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.</p>	<p>63,934</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

<p>Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA I NV, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at 1% commencing in July 2012, maturing in June 2021. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.</p>	<p>\$ 38,750</p>
<p>Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA VIII, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at .125% commencing in November 2013, maturing in November 2023. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.</p>	<p>380,920</p>
<p>Note payable to National Bank of Arizona for Prestamos, unsecured, quarterly interest payments of 3.00%, automatically renews annually until its maturity in December 2023.</p>	<p>200,000</p>
<p>Note payable to National Bank of Arizona for Prestamos, unsecured, interest at 2.00% paid quarterly, automatically renews annually until its maturity in December 2023.</p>	<p>150,000</p>
<p>Causa Community Development third mortgage agreement with HUD, collateralized by substantially all the assets of CCD (Guadalupe Barrio Nuevo), payable in full at the option of HUD including annually accrued interest at 4.00%, maturing in February 2034.</p>	<p>75,761</p>
<p>Note payable to Northern Trust Bank for the Corazon Building, secured by deeds of trust of real property, interest free and due in full on February 2024.</p>	<p>325,000</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

Note payable to SCF Arizona, secured by loans originated from the funds and guaranteed by CPLC. Up to \$10 million can be drawn down on loan. Interest only payments due quarterly at interest rates of 3%. Note matures in August 2024. \$ 6,900,000

Note payable to Kansas State Bank, secured by deeds of trust of real property, payable in monthly installments of interest only at a rate of 4.29% from July 2013 through November 2013. Principal and interest payments began December 2013. Variable interest rate at weekly average yield (one year) plus 3.5% with Initial rate of 3.61% starting in June 2020. Loan matures in November 2033. This note is for the Maryvale property. 1,794,886

Note payable to City of Phoenix Housing Department, secured by the De Colores Building, noninterest bearing. If certain use restrictions associated with the real property are followed, the principal balance of the loan is being forgiven in equal amounts annually through December 2022. 87,495

Note payable to Kansas State Bank, secured by deed of trust of real property and assignment of rental income, from Central and Grant property payable in monthly installments of principal and interest at a rate of 4.59% maturing in May 2035. 938,177

Mortgage note payable to The United Presbyterian Church. The note has no maturity date, bears no interest and no monthly payments are required, as long as CPLC New Mexico maintains the requirements outlined in the note agreement. The mortgage note would become payable in the event of a sale of the building or the building is not used for its intended purpose. Should CPLC New Mexico default, the entire amount of the note could become due with interest accruing at 8.00%. 250,000

Note payable to First Bank, secured by deeds of trust of real property, payable in monthly installments of interest only until February 2016, at which time monthly principal and interest payments of \$3,648 commenced with principal due at maturity at a rate of 4.10%, maturing in February 2025. This note is for the Hazelwood multi-family housing property. 470,027

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

Bella Vista note payable to Pacific Life Insurance, secured by certain real property and equipment, payable in monthly installments of \$5,056 including interest at 8.97% through May 2031.	\$ 421,368
Bella Vista note payable to New Mexico Finance Authority secured by certain real property, requiring interest-only payments of \$321 at the annual rate of 1.00% per annum. Maturity of the loan occurs at the sale, refinance, or transfer of the property or on April 10, 2030.	385,000
Capitalized lease, collateralized by equipment, payable in monthly installments of \$15,275 including interest at 1.74%, maturing in October 2021.	256,339
Note payable to First Bank, secured by Casa Loma Apartments, payable in monthly installments of principal and interest of \$5,563, at an interest rate of 4.10%, with a balloon payment due April 2026.	926,251
Note payable to United Health Care, secured by all assets and income of CPLC Fountain Villas, LLC, interest bearing at 1-3.00% during the term of this note. Interest accruing monthly with principal and interest balance due upon maturity in April 2023.	6,451,659
Note payable to United Health Care, secured by all assets and income of CPLC Estancia, LLC, interest bearing at 1-3.00% during the term of this note. Interest accruing monthly with principal and interest balance due upon maturity in November 2022.	14,303,219
Note payable to Western Alliance Bank for Prestamos, unsecured, interest at 3.00% paid quarterly, maturing in September 1, 2020 and on September 1st of each year thereafter maturity date shall automatically be extended for one year unless the lender cancel such automatic maturity extension.	2,000,000

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

<p>Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA X, secured by cash held for loan programs and select notes receivable, payable in monthly installments of principal and interest at .375% commencing in November 2016, maturing in October 2025. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small businesses.</p>	<p>\$ 764,210</p>
<p>Note payable to Kansas State Bank for the refinance of Glenrosa Affordable Apartments, LLC, collateralized by substantially all the assets of Glenrosa and is payable in monthly installments of \$5,823, until June 2021, then \$5,903 until maturity date, including interest of 4.89%, maturing in September 2042.</p>	<p>945,961</p>
<p>Note payable to Wells Fargo, collateralized by the MHS Yuma Building and payable in monthly installments of \$16,120 including interest of LIBOR plus 1.50% variable interest rate, maturing in November 2023.</p>	<p>323,049</p>
<p>Note payable to Kansas State Bank for Maryvale project, collateralized by deed of trust on real property, payable in monthly principal and interest payments of \$2,722, beginning in June 2017, including interest of 4.59% through May 2022, then 4.62% through maturity, maturing in May 2027.</p>	<p>192,266</p>
<p>Note payable to Kansas State Bank for Central and Grant Project, collateralized by deed of trust, assignment of rents, and a business loan, payable in monthly principal, and interest payments of \$2,558, beginning in June 2017, including interest of 4.59%, maturing in May 2027.</p>	<p>180,517</p>
<p>Gran Victoria note payable to Berkeley Point Capital, LLC, secured by the security instrument and other loan documents, payable in monthly principal and interest payments of \$101,257 beginning in July 2017, including interest of 4.63%, with a balloon payment due in June 2027.</p>	<p>18,749,762</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

<p>Villa Las Vegas mortgage note payable to South West Capital Bank, collateralized by substantially all of the rental property and equipment of the project, payable in monthly principal and interest payments of \$3,285, including interest of 7.50%, maturing in September 2020.</p>	<p>\$ 304,403</p>
<p>Villa Las Vegas mortgage note payable to New Mexico Mortgage Finance Authority, secured by a deed of trust and land use restrictions agreement on the property, payable in interest only payments in the amount of 1.00% of the outstanding principal plus accrued and unpaid interest, with interest accruing at 5.57%. The entire principal amount of the loan plus all accrued interest will be due and payable in full upon the earlier occurrence of the sale, refinance, or transfer of the property or on July 2041.</p>	<p>575,000</p>
<p>Equity Equivalent (EQ2) unsecured loan to Dignity Health to finance real estate activities associated with the acquisition and rehabilitation of affordable multi-family housing for CPLC's Neighborhood Stabilization Program and real estate operations. Interest bearing 1.0% to 2.0% during the term of this note, with maturity in August 2024.</p>	<p>3,000,000</p>
<p>Equity Equivalent (EQ2) unsecured loan to Wells Fargo to operate and manage activities in support of low to moderate-income households and financially underserved. Quarterly interest payments accruing at 2.00% per annum. Quarterly principal payments of \$250,000 become effective the fifth anniversary with equal payments due until maturity in January 2024.</p>	<p>1,000,000</p>
<p>Equity Equivalent (EQ2) unsecured loan to BBVA Compass to operate and manage activities in support of low to moderate-income households and financially underserved. Quarterly interest payments accruing at 2.25% per annum, until maturity in April 2028.</p>	<p>2,500,000</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

Seller Carry-back loan related to the purchase of real property in Mesa, AZ payable in annual installments of \$105,063 accruing interest at 4.00% maturing in April 2030.	\$ 933,730
Prestamos CDFI, LLC note payable to Wells Fargo, secured by collateral assignment of loan documents, interest at 1.07% paid quarterly commencing March 5, 2018 and maturing December 2024.	4,060,800
Prestamos CDFI, LLC note payable to Wells Fargo, secured by collateral assignment of loan documents, interest at 1.07% paid quarterly commencing March 5, 2018 and maturing December 2047.	1,939,200
Prestamos CDFI, LLC EQ2 unsecured loan to Wells Fargo Community Investment Holdings, with quarterly interest payments at 2.00% per annum until January 2028. then additional quarterly principal payments (8) of \$187,500 commence until liability is paid in full (January 2030).	1,500,000
Mountain Pointe Apartments, LP entered into an insured loan under Section 207 pursuant to Section 223(f) of the National Housing Act, as amended. The loan is serviced by Bellwether Enterprise Real Estate Capital, LLC, payable in monthly installments of \$14,719 including interest of 3.92% per annum, maturing June 1, 2053.	3,267,358
Note payable to Local Initiatives Support Corporation, collateralized by deed of trust, payable in monthly installments of interest at 6.00% with various principal payments due upon the stage of real estate development. Loan maturity is January 2021. This loan is for mobile home project in Mesa, AZ.	2,125,000
Note payable to Arizona Bank and Trust related to Nevada real estate project, payable in monthly installments of interest at 3.75% with principal balance due February 2022.	1,775,000
Note payable to Raza Development Fund, Inc., collateralized by deed of trust on real property located at 15th Avenue and Van Buren, payable in monthly installments of interest at 5.91% with principal balance due at maturity in October 2037.	384,756

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

<p>Note payable to Local Initiatives Support Corporation, collateralized by deed of trust on real property located at Central and Broadway, payable in monthly installments of interest at 6.00% with various principal payment due upon the stage of real estate development. Loan maturity is in August 2021.</p>	<p>\$ 1,687,500</p>
<p>Note payable to Arizona Community Foundation, unsecured with principal balance due at maturity in September 2021.</p>	<p>75,000</p>
<p>Note payable to Dignity Health, unsecured, payable quarterly at 1.00% from October 2020 until October 2022, at 2.00% thereafter with principal balance due at maturity in October 2025.</p>	<p>1,000,000</p>
<p>Note payable to Calvert Impact Capital, Inc., unsecured, interest payable monthly at 5-treasury rate plus 340 basis points (6.02%) for five years, after which monthly principal and interest payments commence through maturity December 2023.</p>	<p>5,000,000</p>
<p>Note payable to City of Phoenix from federal HOME program with \$2 million maximum loan amount, collateralized by deed of trust on real property, with 0% interest rate. \$50,000 principal payment will start on the 1st day of September 2020 and continuing on the 1st day of September each year thereafter if surplus cash is available. The entire outstanding principal balance is due January 1, 2059.</p>	<p>1,229,644</p>
<p>Note payable to Kansas State Bank, collateralized by deed of trust on office building located at Mesa, AZ, with interest rate at 5.19% through October 2023, then change to weekly average yield on US Treasure securities adjustment to maturity of one year plus 3.5% from November, 2023 to Maturity. Monthly principal and interest payment until maturity in October 30, 2038.</p>	<p>686,400</p>
<p>Note payable to Kansas State Bank, collateralized by deed of trust on real property located at Mesa, AZ, with monthly interest only payments at 5.19% until December 2020, then monthly principal and interest payments at 5.19% from January 2021 to December 2023, then weekly average yield on US treasury securities (one year) plus 3.50% from January 2024 through maturity in December 2040.</p>	<p>2,500,000</p>
<p>Note payable to US Bancorp Community Development Corporation for Prestamos, unsecured, with quarterly interest only payments at 3.0% and principal balance due at maturity in July 2021.</p>	<p>1,000,000</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

<p>Note payable to the New World Foundation, unsecured, 0% interest loan, with principal payments in four equal quarterly installments commencing September 2028. This loan is eligible for loan forgiveness after meeting certain defined benchmarks over the term of the loan.</p>	<p>\$ 2,000,000</p>
<p>Note payable to State Bank of Arizona, unsecured, interest at 3.50% payable in one lump sum of principal and accrued interest on March 20, 2024.</p>	<p>250,000</p>
<p>Note payable to Arizona Bank and Trust Corporation, secured by deed of trust and tangible asset of a Motel purchased in Mesa, AZ, with monthly interest and principal payments at 4.25% until January 2022, and the remaining balance due in February 2022.</p>	<p>3,112,500</p>
<p>Notes payable to City of Mesa from federal HOME program with \$1,443,339 maximum loan amount, collateralized by deed of trust on real property, with 0% interest rate. The loan shall be repaid either from the sales proceeds received from the sales of the units to qualified income eligible homebuyers, or at the end of the term of 20 years from each residential unit.</p>	<p>240,000</p>
<p>Note payable to Arizona Bank and Trust related to Pickle House and 445 Mesa Projects, payable in monthly installments of interest at 3.75% with principal balance due February 2022.</p>	<p>4,300,002</p>
<p>Note payable to Western Alliance Bank for Prestamos with \$3,000,000 maximum loan amount, unsecured, quarterly interest only payment at 3.0% and all outstanding principal plus all accrued unpaid interest in November 2024 with right for additional 60 months extension under some conditions.</p>	<p>1,001,000</p>
<p>Note payable to U.S. Small Business Administration (SBA) for Prestamos from the Microloan Revolving Trust Fund (MRTF) for SBA XI in the maximum amount of \$1,250,000, secured by cash held for loan programs and select notes receivable, no payment and 0% interest rate for the first twelve month, then monthly installment of principal and interest at 0.5% thereafter, maturing in November 2027. The loan agreement requires Prestamos to act as a financial intermediary by using the proceeds of the loan for lending to existing small business.</p>	<p>500,000</p>

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Description

Note payable to Blue Cross and Blue Shield of Arizona for Prestamos. The loan is for Pay Check Protection loan lending. 0% interest rate for the first six months, then 3% for the remaining term. \$4,000,000 initial principal is due in November 2020. The remaining principal balance and the accrued but unpaid interest are payable in six equal quarterly installments starting February 2020 and ended May 2022.

\$ 5,000,000

Notes payable to New Mexico Mortgage Finance Authority with monthly installment of \$10,943 at 6.29% and due in November 2044. It is for Lateral Village Apartments located in New Mexico. The United State Department of Housing and Urban Development (HUD) will endorse the loan under section 542(e) of the Housing and Community Development Act of 1992 and the regulations set forth at 24 CFR part 266, in effect on the date of endorsement (90% loan guarantee).

1,638,856

Notes payable to New Mexico Mortgage Finance Authority in the original amount of \$500,000 with a 5.09% Interest compounded monthly on unpaid principal and interest balances. Interest only payment should be made in the amount of \$416 per month at an interest rate of 1% until maturity. Maturity of the loan occurs at the sale, refinance, or transfer of the property or on September 2034. It is for Lateral Village Apartment located in New Mexico.

500,000

Total Mortgages and Other Debt

Less: Unamortized Debt Issuance Costs

Less: Current Maturities

Total

135,537,651

(901,808)

(10,870,989)

\$ 123,764,854

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NOTE 11 MORTGAGES PAYABLE AND OTHER DEBT (CONTINUED)

Future maturities of mortgages payable and other debt are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 10,870,989
2022	14,878,125
2023	2,552,807
2024	26,179,344
2025	13,226,374
Thereafter	60,644,124
Forgivable Loans	7,185,888
Total Future Maturities	<u>\$ 135,537,651</u>

The Organization is required to maintain certain net asset, liquidity, and indebtedness ratios, and must comply with other general covenants of the loan agreements.

The Organization entered into a loan agreement with the United States Department of Agriculture (USDA) in December 2016 for \$15,000,000. The loan is secured by select notes receivable. Principal and interest at 2.38% to be paid monthly. The note matures in December 2056. No amounts were advanced or due on the note, and the note had an outstanding balance of \$-0- at June 30, 2020.

NOTE 12 RETIREMENT PLAN

CPLC sponsors a 401(k) plan covering employees who meet specified age and service requirements. Contributions to the plan are participant directed. Employer contributions are made annually at the discretion of the board of directors. During the year ended June 30, 2020, CPLC paid contributions totaling \$440,494 the plan.

NOTE 13 OPERATING LEASES

CPLC leases various buildings and office equipment under several operating lease agreements expiring through 2023. Minimum future rental payments under noncancelable operating leases having remaining terms in excess of one year at June 30, 2020 are:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 670,227
2022	550,563
2023	297,455
2024	146,855
2025	29,536
Thereafter	56,000
Total	<u>\$ 1,750,636</u>

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NOTE 13 OPERATING LEASES (CONTINUED)

In the normal course of business, operating leases are generally renewed or replaced by other leases. Total rental expense for operating leases with terms in excess of one month was approximately \$703,114 for the year ended June 30, 2020.

CPLC leases office space to various third parties under operating leases that expire through 2022. Future minimum lease receipts to be received under these agreements as of June 30, 2020 are as follows:

<u>Year Ending June 30,</u>	<u>Amount</u>
2021	\$ 1,179,852
2022	963,697
2023	631,474
2024	426,211
2025	155,969
Thereafter	2,545,545
Total	<u>\$ 5,902,748</u>

NOTE 14 COMMITMENTS AND CONTINGENCIES

Five of the HUD properties have a housing assistance payments contract (HAP). The HAP contract is a rent assistance program for low-income families (or persons) as provided by the Section 8 Program of the National Housing Act of 1959. Eligible low-income tenants pay 30% of their income as rent, while HUD pays the difference between this rental amount and "contract rents" (as defined). CPLC can request from HUD an amount equal to 80% of contract rent during periods that the unit is vacant if certain conditions are met, but not to exceed 60 days. If a unit continues to be vacant after the 60-day period, CPLC may submit a claim and receive additional housing assistance payments on a semi-annual basis if certain conditions are met as outlined in the HAP contract.

The HAP contracts expire beginning in 2020 through 2033 as follows:

Casa de Primavera Apartments	March 31, 2033
Casa Del Pueblo	March 31, 2021
Casa Del Pueblo II	January 31, 2021
Guadalupe Barrio Nuevo	June 1, 2038
Casa Mia Senior Apartments	April 30, 2021

Management intends to renew the HAP contracts as they expire. The rental income from these contracts represents approximately 17% of total rental income from real estate for the year ended June 30, 2020. It is uncertain whether the contracts will be extended. HUD is contemplating several changes, which may have a significant financial impact on the properties. Management cannot reasonably estimate the ramifications, if any, of these uncertainties.

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NOTE 14 COMMITMENTS AND CONTINGENCIES (CONTINUED)

CPLC guarantees the debt of a nonconsolidated real estate venture. The debtor holds the deed of trust on the underlying real property. Payments on the debt are due in monthly installments and the debt matures in 2034. CPLC would be obligated to perform under this guarantee if the real estate venture failed to pay principal and interest payments to the lender as due. CPLC's guarantee on the performance of the debt was approximately \$462,468 as of June 30, 2020. As of June 30, 2020, the real estate venture was current with their debt payments.

CPLC participates in a number of federal and state-assisted grant and contract programs which are subject to financial and compliance audits. The audits of these programs for, or including, the year ended June 30, 2020 remain subject to review. Accordingly, CPLC's compliance with applicable grant or contract requirements may be established at some future date. The amount, if any, of expenditures or fees for units of service which may be disallowed by the granting or contracting agencies cannot be determined at this time, although the CPLC's management expects such amounts, if any, to be immaterial.

CPLC is guarantor of a line of credit for a nonprofit organization, Help-New Mexico. At June 30, 2020, the borrowing limit was \$1,000,000, and the outstanding balance was \$358,882.

In the normal course of business, CPLC is subject to various lawsuits. It is the opinion of management that the resolution of such lawsuits will not have a material adverse effect on the consolidated financial statements taken as a whole. Accordingly, no provision has been made in the accompanying consolidated financial statements for losses, if any, that might result from the ultimate outcome of these matters.

NOTE 15 NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions are restricted for the following purposes or periods.

Capital Magnet Fund	\$ 687,335
Arizona Complete Health	111,465
Walmart Grant	19,099
United Healthcare	62,121
Blue Cross Blue Shield	75,000
Broadway Redevelopment	262,786
Kresge Foundation	100,000
Prop 301 Plan	395,623
Housing Counseling	85,000
City Group Foundation Grant	98,439
Supportive Housing Program	600,000
Total	<u>\$ 2,496,868</u>

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NOTE 16 ENDOWMENT

CPLC's board of directors has interpreted the Arizona Uniform Prudent Management of Institutional Funds Act (UPMIFA) as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2020, there were no such donor stipulations. As a result of this interpretation, CPLC classifies as endowment net assets (a) the original value of gifts donated to the Endowment, (b) the original value of subsequent gifts donated to the Endowment, and (c) accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added. The remaining portion of the donor-restricted endowment is classified as net assets with donor restrictions until those amounts are appropriated for expenditure by the Organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

CPLC considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- The duration and preservation of the fund
- The purposes of the organization and the donor-restricted endowment fund
- General economic conditions
- The possible effect of inflation and deflation
- The expected total return from income and the appreciation of investments
- Other resources of the organization
- The investment policies of the organization

The changes in endowment net assets by fund for the year ended June 30, 2020 are as follows:

	Without Donor Restriction	With Donor Restrictions	Total
Endowment Net Assets -			
Beginning of Year	\$ -	\$ 124,110	\$ 124,110
Contributions	-	-	-
Investment Return:			
Investment Income	-	-	-
Net Appreciation	-	-	-
Releases	-	(124,110)	(124,110)
Endowment Net Assets -			
End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The endowment allows for the corpus to be distributed annually through 2021.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 16 ENDOWMENT (CONTINUED)

Investment and Spending Policies

CPLC has adopted investment and spending policies for the Endowment that attempt to provide a predictable stream of funding for operations while seeking to maintain the purchasing power of the endowment assets. Over time, long-term rates of return should be equal to an amount sufficient to maintain the purchasing power of the Endowment assets, to provide the necessary capital to fund the spending policy, and to cover the costs of managing the Endowment investments. The target minimum rate of return is the Consumer Price Index plus 5% on an annual basis. Actual returns in any given year may vary from this amount. To satisfy this long-term rate-of- return objective, the investment portfolio is structured on a total-return approach through which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). A significant portion of the funds are invested to seek growth of principal over time.

CPLC's annual appropriations are at the discretion of the board of directors.

NOTE 17 DONATED PROFESSIONAL SERVICES AND MATERIALS

CPLC received donated professional services for production and on-air media in the amount of \$641,345 and other donated professional services and materials in the amount of \$102,653 for the year ended June 30, 2020.

NOTE 18 NEW ACCOUNTING STANDARDS

In May 2014, FASB issued ASU 2014-09, *Revenue from Contracts with Customers*, to improve revenue recognition guidance. The ASU affects any entity that enters into contracts with customers to transfer goods or services or enters into contracts for the transfer of nonfinancial assets. The ASU does not impact existing guidance on accounting for contributions but is applicable to exchange transactions. The core principle of the guidance is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Revenue recognition will go through a five step process: 1) identify the contract with a customer, 2) identify the performance obligations in the contract, 3) determine the transaction price, 4) allocate the transaction price to the performance obligations, and 5) recognize revenue when (or as) the organization satisfies the performance obligation. The Organization is currently evaluating the impact of adopting ASU 2014-09 and has not determined the effect to the consolidated financial statements. The Organization will be required to adopt the new standard for its fiscal year beginning July 1, 2020. The standard requires retroactive application.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 18 NEW ACCOUNTING STANDARDS (CONTINUED)

In February 2016, the FASB issued ASU 2016- 02, *Leases*, to improve financial reporting about leasing transactions (Topic 842). The ASU affects all lease transactions. Lessors will classify leases as either a sales-type, direct financing, or operating lease. In a sales-type lease, the lessor transfers control of the underlying asset to the lessee. At lease commencement, the lessor should derecognize the leased asset and record its net investment in the lease. The net investment in the lease consists of a lease receivable and the unguaranteed residual asset. In a direct financing lease, the lessor should derecognize the leased asset underlying the lease and record a net investment in the lease at lease commencement. The net investment in the lease should be measured in the same manner as a sales-type lease adjusted for selling profit and initial direct costs. An operating lease is neither a sale nor financing of an asset. The lessor should keep the asset underlying the lease on its balance sheet and continue to depreciate the asset based on its useful life. Rental revenue should be recognized on a straight-line basis. CPLC has several leasing transactions. The amendments in this update are effective for years beginning after December 15, 2021. The Organization is currently evaluating the impact of adopting ASU 2016-02 and has not determined the effect to the consolidated financial statements. The standard requires a modified retrospective approach to implementation.

In June 2016, the FASB approved ASU 2016-13, *Financial Instruments – Credit Losses* (Topic 326): *Measurement of Credit Losses on Financial Instruments*. The main objective of the ASU is to provide financial statement users with more decision-useful information about the expected credit losses on financial instruments and other commitments to extend credit held by a reporting entity at each reporting date. To achieve this objective, the amendments in the ASU replace the incurred loss impairment methodology in accounting principles generally accepted in the United States of America with a methodology that reflects expected credit losses and requires consideration of a broader range of reasonable and supportable information to inform credit loss estimates. This ASU is effective for the fiscal year beginning after December 15, 2022. Early adoption is permitted for the fiscal year beginning after December 15, 2018, including interim periods within the fiscal year. The Organization will evaluate the impact of ASU 2016-13 on its consolidated financial statements.

NOTE 19 SUBSEQUENT EVENTS

Subsequent to year-end, the Organization entered into the following agreements:

In July 2020, Prestamos CDFI LLC was awarded a grant from City of North Las Vegas in the amount of \$722,711 to provide financial and technical assistant to small business located in City of North Las Vegas.

In July 2020, Prestamos CDFI LLC was awarded a \$55,000,000 New Market Tax Credit allocation from the United State Department of Treasury. The program attracts private capital into low-income communities by permitting individual and corporate investors to receive a tax credit against their federal income tax in exchange for making investments on qualified projects within economically distressed communities.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 19 SUBSEQUENT EVENTS (CONTINUED)

In October 2020, Prestamos CDFI LLC was awarded a grant from Small Business Administration in the amount of \$200,000 to provide training and technical assistance to economically disadvantaged entrepreneurs in rural areas and support to entrepreneurship in HUB zones and Opportunity zones.

In October 2020, Prestamos CDFI LLC was awarded a grant from Department of Health and Human Service, Office of Community Service in the amount of \$800,000 to provide affordable capital support to small business entrepreneurs in distressed areas (Mohave County, AZ).

In October 2020, Prestamos CDF LLC was awarded a grant from City of Glendale AZ in the amount of \$300,000 to provide capital and technical support to small businesses experiencing hardship related to the Covid-19 pandemic in City of Glendale.

In July 2020, Prestamos secured a \$7,500,000 line of credit at 0.5% interest rate with Bank of America to provide lending to small businesses under the Community Advantage Program and the Paycheck Protection Program administered by the United States Small Business Administration (SBA). The SBA guarantees payment of all or a portion of each SBA loan.

In July 2020, Prestamos purchased \$4,074,761 loan portfolio from a company filed bankruptcy under chapter 11. The portfolio contains performing loans, nonperforming loans and community advantage loans, in which a portion is guaranteed by SBA.

In August 2020, CPLC was awarded a five-year grant with Department of Health and Human Services, Office of Head Start in the amount of \$13,952,357. It continues on the Head Start program.

In July 2020, CPLC Nevada Inc. was awarded two grants from Office of Community Service in the amount of \$ 695,437 for LUCES Supportive Housing Program in Nevada.

In October 2020, CPLC issued payment to pay off the note payable with Local Initiatives Support Corporations in the amount of \$1,687,500. The note is for Central and Broadway project.

Management evaluated subsequent events through December 11, 2020, the date the consolidated financial statements were available to be issued. Events or transactions occurring after June 30, 2020, but prior to December 11, 2020, that provided additional evidence about conditions that existed at June 30, 2020, have been recognized in the consolidated financial statements for the year ended June 30, 2020. Events or transactions that provided evidence about conditions that did not exist at June 30, 2020, but arose before the consolidated financial statements were available to be issued have not been recognized in the consolidated financial statements for the year ended June 30, 2020.

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS	Prestamos	CPLC	Multifamily	CPLC and	Consolidating	Total
	CDFI, LLC	Community Schools		Other Subsidiaries		
CURRENT ASSETS						
Cash and Cash Equivalents	\$ 1,780,407	\$ 209,910	\$ 4,621,484	\$ 23,814,690	\$ -	\$ 30,426,491
Restricted Cash	-	395,623	-	-	-	395,623
Cash Held for Loan Programs	2,692,990	-	-	-	-	2,692,990
Receivables:						
Grants and Contracts, Net	511,951	54,945	145,544	6,283,774	-	6,996,214
Intercompany Receivables	162,732	9,935	1,093,174	14,387,545	(15,653,386)	-
Interest Receivable	264,017	-	-	-	-	264,017
Other Receivables, Net	-	-	-	303,018	-	303,018
Notes Receivable, Current	1,753,641	-	-	259,898	-	2,013,539
Prepaid Expenses	667	7,151	92,322	126,108	-	226,248
Total Current Assets	7,166,405	677,564	5,952,524	45,175,033	(15,653,386)	43,318,140
LONG-TERM ASSETS						
Notes Receivable, Net	43,692,848	-	-	3,777,692	(6,250,663)	41,219,877
Real Estate Properties - Rental, Net	-	-	62,990,221	40,751,023	(2,010,086)	101,731,158
Property and Equipment, Net	112,170	73,674	56,589	19,282,729	-	19,525,162
Related Party Receivables, Net	-	-	37,253	1,153,767	-	1,191,020
Real Estate Held for Sale	-	-	-	13,238,133	-	13,238,133
Investments in Debt and Equity Securities	-	-	-	3,762,069	-	3,762,069
Investments in Affiliated Entities - Cost Method	1,064,099	-	-	14,271,603	(12,365,546)	2,970,156
Investments in Affiliated Entities - Equity Method	729,675	-	-	-	-	729,675
Deposits and Funded Reserves	-	-	3,025,461	517,052	-	3,542,513
Other Assets	-	-	607,022	373,400	-	980,422
Total Long-Term Assets	45,598,792	73,674	66,716,546	97,127,468	(20,626,295)	188,890,185
Total Assets	\$ 52,765,197	\$ 751,238	\$ 72,669,070	\$ 142,302,501	\$ (36,279,681)	\$ 232,208,325
LIABILITIES AND NET ASSETS						
CURRENT LIABILITIES						
Accounts Payable and Accrued Expenses	\$ 231,217	\$ 122,323	\$ 2,897,337	\$ 8,283,411	\$ -	\$ 11,534,288
Intercompany Payables	402,604	1,535,557	2,308,204	11,407,021	(15,653,386)	-
Lines of Credit, Current Portion	-	-	-	2,700,414	(1,399,391)	1,301,023
Mortgages Payable and Other Debt, Current	4,689,682	-	2,895,414	3,285,893	-	10,870,989
Other Liabilities	146,911	-	985,062	533,674	-	1,665,647
Total Current Liabilities	5,470,414	1,657,880	9,086,017	26,210,413	(17,052,777)	25,371,947
LONG-TERM LIABILITIES						
Lines of Credit	14,079,270	-	-	4,866,193	-	18,945,463
Deferred Revenue, Long-Term Portion	727,318	-	-	2,127,838	-	2,855,156
Mortgages Payable and Other Debt, Net	23,059,132	-	67,742,138	37,814,857	(4,851,273)	123,764,854
Total Long-Term Liabilities	37,865,720	-	67,742,138	44,808,888	(4,851,273)	145,565,473
Total Liabilities	43,336,134	1,657,880	76,828,155	71,019,301	(21,904,050)	170,937,420
NET ASSETS						
Without Donor Restrictions	9,429,063	(1,302,265)	7,461,373	69,909,287	(14,983,386)	70,514,072
With Donor Restrictions	-	395,623	-	2,101,244	-	2,496,867
Contributions	-	-	693,900	-	(693,900)	-
Distributions	-	-	(12,314,358)	(727,331)	1,301,655	(11,740,034)
Total Net Assets	9,429,063	(906,642)	(4,159,085)	71,283,200	(14,375,631)	61,270,905
Total Liabilities and Net Assets	\$ 52,765,197	\$ 751,238	\$ 72,669,070	\$ 142,302,501	\$ (36,279,681)	\$ 232,208,325

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
CONSOLIDATING STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	Prestamos CDFI, LLC	CPLC Community Schools	Multifamily Properties	CPLC and Other Subsidiaries	Eliminations	Total
REVENUES						
Contract Revenues:						
Grants and Contracts	\$ 2,589,775	\$ 2,400,792	\$ 3,750	\$ 6,698,214	\$ -	\$ 11,692,531
Cost Reimbursement	654,569	-	-	24,796,784	(1,530,211)	23,921,142
Fee for Service	-	-	-	27,654,398	(2,006,601)	25,647,797
Total Contract Revenues	<u>3,244,344</u>	<u>2,400,792</u>	<u>3,750</u>	<u>59,149,396</u>	<u>(3,536,812)</u>	<u>61,261,470</u>
Noncontract Revenues:						
Rental Income	-	28,800	17,235,414	3,309,014	(1,803,267)	18,769,961
Development Fees	-	-	-	2,169,924	(433,286)	1,736,638
Client Fees	750,089	-	1,743,048	1,449,956	(2,214,440)	1,728,653
Donations	147,500	16,168	194,433	1,829,956	(944,513)	1,243,544
Fundraising	-	-	-	674,677	-	674,677
In-Kind	-	-	-	739,772	-	739,772
Sales of Inventory	-	-	-	11,794,054	(9,710,138)	2,083,916
Other Revenues	16,800	30,377	1,653,214	7,339,862	(7,225,044)	1,815,209
Total Noncontract Revenues	<u>914,389</u>	<u>75,345</u>	<u>20,826,109</u>	<u>29,307,215</u>	<u>(22,330,688)</u>	<u>28,792,370</u>
Other Revenues:						
Gain on Sale of Asset	42,585	-	16,220,653	-	542,010	16,805,248
Intercompany Dividend Income	-	-	-	1,301,655	(1,301,655)	-
Investment Income (Loss)	39,964	-	-	88,364	(235,000)	(106,672)
Interest Income	1,942,184	-	2,975	97,579	(339,209)	1,703,529
Total Other Revenues	<u>2,024,733</u>	<u>-</u>	<u>16,223,628</u>	<u>1,487,598</u>	<u>(1,333,854)</u>	<u>18,402,105</u>
Total Revenues	<u>6,183,466</u>	<u>2,476,137</u>	<u>37,053,487</u>	<u>89,944,209</u>	<u>(27,201,354)</u>	<u>108,455,945</u>
OPERATING EXPENSES						
Salaries and Wages	1,361,434	908,096	3,731,907	33,903,836	-	39,905,273
Payroll Taxes	115,102	59,292	384,956	2,515,012	-	3,074,362
Fringe Benefits	106,371	134,622	634,179	4,703,906	-	5,579,078
Contractor Expenses	-	-	-	8,174,487	(1,271,653)	6,902,834
Professional Fees	358,825	316,109	405,297	5,094,147	(2,187,788)	3,986,590
Management Fees	262,545	-	1,137,557	491,218	(1,776,636)	114,684
Staff Development	66,866	7,901	38,383	523,778	-	636,928
Property Administration	-	-	118,359	(20)	-	118,339
Travel	61,056	1,530	52,434	927,347	-	1,042,367
Advertising and Marketing	16,599	18,887	306,863	744,449	-	1,086,798
Administrative Costs	360,784	320,541	170,638	6,350,746	(7,182,042)	20,667
Occupancy	93,066	364,962	35,100	2,115,924	(1,803,267)	805,785
Insurance and Taxes	22,221	6,953	1,354,799	1,735,016	-	3,118,989
Utility Expenses	7,092	32,258	2,924,360	780,019	-	3,743,729
Repairs and Maintenance	7,032	-	2,651,605	883,548	-	3,542,185
Office Expenses	38,768	12,955	75,915	404,621	-	532,259
Furniture and Fixtures	17,554	-	128	124,461	-	142,143
Technology and Communication	98,291	60,991	170,645	1,465,652	-	1,795,579
Consumable Supplies	1,284	22,936	10,814	1,542,892	-	1,577,926
Monetary Assistance	460,796	8,535	108,966	2,910,874	(944,513)	2,544,658
Miscellaneous	26,383	31,949	10,018,941	348,275	(10,171,443)	254,105
Program Construction	-	-	-	1,846,364	(1,530,211)	316,153
Donated Materials and Services	-	-	-	743,998	-	743,998
Depreciation	-	19,481	3,499,165	2,113,339	(199,206)	5,432,779
Interest Expense	563,349	-	4,252,062	1,144,527	(339,209)	5,620,729
Bad debt Expense	414,776	15,099	79,803	64,674	-	574,352
Total Operating Expenses	<u>4,460,194</u>	<u>2,343,097</u>	<u>32,162,876</u>	<u>81,653,090</u>	<u>(27,405,968)</u>	<u>93,213,289</u>
NONOPERATING ACTIVITY						
Gain (Loss) on Disposal of Assets, Net	-	-	-	(572,246)	216,165	(356,081)
Impairment Loss on Real Estate	-	-	-	(18,373)	-	(18,373)
Net Nonoperating Activity	<u>-</u>	<u>-</u>	<u>-</u>	<u>(590,619)</u>	<u>216,165</u>	<u>(374,454)</u>
Total Expenses	<u>4,460,194</u>	<u>2,343,097</u>	<u>32,162,876</u>	<u>82,243,709</u>	<u>(27,622,133)</u>	<u>93,587,743</u>
CHANGE IN NET ASSETS	<u>\$ 1,723,272</u>	<u>\$ 133,040</u>	<u>\$ 4,890,611</u>	<u>\$ 7,700,500</u>	<u>\$ 420,779</u>	<u>\$ 14,868,202</u>

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC BORROWING ENTITY
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	CPLC	CPLC Commercial	Totals before Eliminations	Eliminations	Total
CURRENT ASSETS					
Cash and Cash Equivalents	\$ 416,063	\$ 197,131	\$ 613,194	\$ -	\$ 613,194
Receivables:			-		
Grants and Contracts, Net	3,041,236	150,506	3,191,742	-	3,191,742
Intercompany Receivables	1,715,818	6,421	1,722,239	(1,722,239)	-
Accounts Receivable from Affiliates	11,223,175	-	11,223,175	-	11,223,175
Other Receivables	1,159,730	-	1,159,730	-	1,159,730
Note Receivable, Current	259,898	-	259,898	-	259,898
Prepaid Expenses	116,736	3,707	120,443	-	120,443
Total Current Assets	<u>17,932,656</u>	<u>357,765</u>	<u>18,290,421</u>	<u>(1,722,239)</u>	<u>16,568,182</u>
LONG-TERM ASSETS					
Notes Receivable, Net	3,680,156	-	3,680,156	(1,010,571)	2,669,585
Real Estate Properties - Rental, Net	-	27,358,605	27,358,605	-	27,358,605
Property and Equipment - Net	18,399,308	-	18,399,308	-	18,399,308
Real Estate Held for Sale	5,867,166	-	5,867,166	-	5,867,166
Investments in Debt and Equity Securities	3,735,981	-	3,735,981	-	3,735,981
Investments in Affiliated Entities - Cost Method	12,335,673	-	12,335,673	-	12,335,673
Deposits and Funded Reserves	44,447	103,821	148,268	-	148,268
Other Assets	-	24,933	24,933	-	24,933
Total Long-Term Assets	<u>44,062,731</u>	<u>27,487,359</u>	<u>71,550,090</u>	<u>(1,010,571)</u>	<u>70,539,519</u>
Total Assets	<u>\$ 61,995,387</u>	<u>\$ 27,845,124</u>	<u>\$ 89,840,511</u>	<u>\$ (2,732,810)</u>	<u>\$ 87,107,701</u>
LIABILITIES AND NET ASSETS					
CURRENT LIABILITIES					
Accounts Payable and Accrued Expenses	\$ 5,258,890	\$ 206,852	\$ 5,465,742	\$ -	\$ 5,465,742
Intercompany Payables	6,421	1,715,818	1,722,239	(1,722,239)	-
Accounts Payable to Affiliates	902,246	880,286	1,782,532	-	1,782,532
Deferred Revenue - Current Portion	-	-	-	-	-
Lines of Credit - Current Portion	1,861,674	-	1,861,674	-	1,861,674
Mortgages Payable and Other Debt, Current	783,614	2,489,244	3,272,858	-	3,272,858
Other Liabilities	434,036	32,179	466,215	-	466,215
Total Current Liabilities	<u>9,246,881</u>	<u>5,324,379</u>	<u>14,571,260</u>	<u>(1,722,239)</u>	<u>12,849,021</u>
LONG-TERM LIABILITIES					
Deferred Revenue, Long-Term Portion	1,611,692	-	1,611,692	-	1,611,692
Mortgages Payable and Other Debt, Net	19,968,202	11,064,865	31,033,067	(1,010,571)	30,022,496
Total Long-term Liabilities	<u>21,579,894</u>	<u>11,064,865</u>	<u>32,644,759</u>	<u>(1,010,571)</u>	<u>31,634,188</u>
Total Liabilities	<u>30,826,775</u>	<u>16,389,244</u>	<u>47,216,019</u>	<u>(2,732,810)</u>	<u>44,483,209</u>
NET ASSETS					
Without Donor Restrictions	29,113,543	11,455,880	40,569,423	-	40,569,423
With Donor Restrictions	2,055,069	-	2,055,069	-	2,055,069
Total Net Assets	<u>31,168,612</u>	<u>11,455,880</u>	<u>42,624,492</u>	<u>-</u>	<u>42,624,492</u>
Total Liabilities and Net Assets	<u>\$ 61,995,387</u>	<u>\$ 27,845,124</u>	<u>\$ 89,840,511</u>	<u>\$ (2,732,810)</u>	<u>\$ 87,107,701</u>

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC BORROWING ENTITY
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	CPLC	CPLC Commercial	Totals before Eliminations	Eliminations	Total
REVENUES					
Contract Revenues:					
Grants and Contracts	\$ 4,951,118	\$ -	\$ 4,951,118	\$ -	\$ 4,951,118
Cost Reimbursement	24,700,280	-	24,700,280	-	24,700,280
Fee for Service	13,652,299	-	13,652,299	-	13,652,299
Total Contract Revenues	<u>43,303,697</u>	<u>-</u>	<u>43,303,697</u>	<u>-</u>	<u>43,303,697</u>
Noncontract Revenues:					
Rental Income	47,036	2,564,998	2,612,034	(1,803,267)	808,767
Development Fees	1,828,286	-	1,828,286	-	1,828,286
Client Fees	1,264,004	-	1,264,004	-	1,264,004
Donations	1,365,693	-	1,365,693	-	1,365,693
Fundraising	671,677	-	671,677	-	671,677
In-kind	698,747	-	698,747	-	698,747
Sales of Inventory	(6,878,940)	-	(6,878,940)	-	(6,878,940)
Other Revenues	7,273,244	33,563	7,306,807	-	7,306,807
Total Noncontract Revenues	<u>6,269,747</u>	<u>2,598,561</u>	<u>8,868,308</u>	<u>(1,803,267)</u>	<u>7,065,041</u>
Other Revenues					
Dividend Income	87,636	-	87,636	-	87,636
Investment Income (Loss)	1,436,786	-	1,436,786	-	1,436,786
Interest Income	97,414	105	97,519	(43,658)	53,861
Total Other Revenues	<u>1,621,836</u>	<u>105</u>	<u>1,621,941</u>	<u>(43,658)</u>	<u>1,578,283</u>
Total Revenues	<u>51,195,280</u>	<u>2,598,666</u>	<u>53,793,946</u>	<u>(1,846,925)</u>	<u>51,947,021</u>
OPERATING EXPENSES					
Salaries and Wages	31,185,944	184,151	31,370,095	-	31,370,095
Payroll taxes	2,274,000	16,617	2,290,617	-	2,290,617
Fringe benefits	4,495,265	24,053	4,519,318	-	4,519,318
Professional fees	2,127,895	39,190	2,167,085	-	2,167,085
Management fees	18,398	308,140	326,538	-	326,538
Staff Development	495,052	590	495,642	-	495,642
Property Administration	-	(20)	(20)	-	(20)
Travel	789,005	-	789,005	-	789,005
Advertising and marketing	709,685	1,529	711,214	-	711,214
Administrative Costs	5,768,113	-	5,768,113	-	5,768,113
Occupancy	1,920,945	-	1,920,945	(1,803,267)	117,678
Insurance and Taxes	744,008	603,974	1,347,982	-	1,347,982
Utility Expenses	535,233	198,445	733,678	-	733,678
Repairs and Maintenance	445,599	348,161	793,760	-	793,760
Office Expenses	355,397	-	355,397	-	355,397
Furniture and Fixtures	99,978	-	99,978	-	99,978
Technology and Communications	1,333,868	26,016	1,359,884	-	1,359,884
Consumable Supplies	1,516,918	-	1,516,918	-	1,516,918
Monetary Assistance	2,338,010	-	2,338,010	-	2,338,010
Miscellaneous	254,556	312	254,868	-	254,868
Program Construction	28,012	-	28,012	-	28,012
Donated Materials and Services	702,973	-	702,973	-	702,973
Depreciation	661,958	1,085,562	1,747,520	-	1,747,520
Interest Expense	456,140	510,918	967,058	(43,658)	923,400
Bad Debt Expense (Recovery)	642,656	40,607	683,263	-	683,263
Total Operating Expenses	<u>59,899,608</u>	<u>3,388,245</u>	<u>63,287,853</u>	<u>(1,846,925)</u>	<u>61,440,928</u>
NONOPERATING ACTIVITY					
Gain/Loss on Sale of Assets, Net	(6,348)	(18,228)	(24,576)	-	(24,576)
Contributions to Affiliates	(676,920)	(62,074)	(738,994)	-	(738,994)
Impairment Loss on Real Estate	(18,373)	-	(18,373)	-	(18,373)
Net Nonoperating Activity	<u>(701,641)</u>	<u>(80,302)</u>	<u>(781,943)</u>	<u>-</u>	<u>(781,943)</u>
Total Expenses	<u>60,601,249</u>	<u>3,468,547</u>	<u>64,069,796</u>	<u>(1,846,925)</u>	<u>62,222,871</u>
CHANGES IN NET ASSETS	<u>\$ (9,405,969)</u>	<u>\$ (869,881)</u>	<u>\$ (10,275,850)</u>	<u>\$ -</u>	<u>\$ (10,275,850)</u>

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC COMMUNITY SCHOOLS
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

	<u>Toltecalli High School</u>	<u>Envision High School</u>	<u>Total CPLC Community Schools</u>
REVENUE			
Grants and Contracts	\$ 1,788,004	\$ 612,788	\$ 2,400,792
Rental Income	14,400	14,400	28,800
Donation	16,168	-	16,168
Other Revenue	15,048	15,329	30,377
Total Revenue	<u>1,833,620</u>	<u>642,517</u>	<u>2,476,137</u>
OPERATING EXPENSES			
Salaries and Wages	608,631	299,465	908,096
Payroll Taxes	41,965	17,327	59,292
Fringe Benefits	88,372	46,250	134,622
Professional Fees	209,618	106,491	316,109
Staff Development	6,344	1,557	7,901
Travel	1,357	173	1,530
Advertising and Marketing	4,416	14,471	18,887
Administrative Costs	207,560	112,981	320,541
Occupancy	202,958	162,004	364,962
Insurance and Taxes	2,497	4,456	6,953
Utility Expenses	24,565	7,693	32,258
Office Expenses	5,328	7,627	12,955
Technology and Communication	44,513	16,478	60,991
Consumable Supplies	12,301	10,635	22,936
Monetary Assistance	5,440	3,095	8,535
Miscellaneous	25,791	6,158	31,949
Depreciation	10,124	9,357	19,481
Bad Debt Expense (Recovery)	9,740	5,359	15,099
Total Operating Expenses	<u>1,511,520</u>	<u>831,577</u>	<u>2,343,097</u>
CHANGE IN NET ASSETS	<u>\$ 322,100</u>	<u>\$ (189,060)</u>	<u>\$ 133,040</u>

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC ESTANCIA LLC
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	133,635
Grants and Contracts Receivable, Net		25,244
Prepaid Expenses		1,262
Total Current Assets		160,141

LONG-TERM ASSETS

Real Estate Properties - Rental, Net		12,827,834
Other Assets, Net		131,952
Total Long-Term Assets		12,959,786

Total Assets	\$	13,119,927
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	147,740
Intercompany Payables		108,963
Other Liabilities		207,078
Total Current Liabilities		463,781

LONG-TERM LIABILITIES

Mortgages Payable and Other Debt		14,303,219
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Total Liabilities		14,767,000
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NET ASSETS (DEFICITS)

Without Donor Restrictions		(1,647,073)
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Total Liabilities and Net Assets (Deficits)	\$	13,119,927
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC ESTANCIA LLC
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE

Noncontract Revenue:	
Rental Income	\$ 2,463,289
Other Revenues	309,737
Total Noncontract Revenue	<u>2,773,026</u>

Other Revenues:	
Investment Income	<u>29</u>

Total Revenues	<u>2,773,055</u>
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OPERATING EXPENSES

Salaries and Wages	403,421
Payroll Taxes	42,184
Fringe Benefits	64,714
Professional Fees	48,399
Management Fees	220,361
Staff Development	6,041
Property Administration	12,590
Travel	5,510
Advertising and Marketing	74,901
Insurance and Taxes	155,288
Utility Expenses	563,587
Repairs and Maintenance	492,838
Office Expenses	7,447
Technology and Communication	10,788
Miscellaneous	172,996
Depreciation	505,208
Interest Expense	290,832
Bad Debt Expense	18,542
Total Operating Expenses	<u>3,095,647</u>

CHANGE IN NET ASSETS (DEFICITS)	<u><u>\$ (322,592)</u></u>
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC FOUNTAIN VILLAS LLC
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	199,619
Grants and Contracts Receivable, Net		9,624
Prepaid Expenses		616
Total Current Assets		209,859

LONG-TERM ASSETS

Real Estate Properties - Rental, Net		5,639,105
Deposits and Funded Reserves		197,385
Other Assets, Net		31,614
Total Long-Term Assets		5,868,104

Total Assets	\$	6,077,963
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LIABILITIES AND NET ASSETS (DEFICITS)

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	57,783
Intercompany Payables		18,495
Other Liabilities		50,900
Total Current Liabilities		127,178

LONG-TERM LIABILITIES

Mortgages Payable and Other Debt		6,451,659
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Total Liabilities		6,578,837
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NET ASSETS (DEFICITS)

Without Donor Restrictions		(500,874)
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Total Liabilities and Net Assets (Deficits)	\$	6,077,963
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC FOUNTAIN VILLAS LLC
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE

Noncontract Revenue:	
Rental Income	\$ 924,928
Other Revenue	102,082
Total Noncontract Revenue	<u>1,027,010</u>

Other Revenue:	
Investment Income	<u>138</u>

Total Revenue	1,027,148
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OPERATING EXPENSES

Salaries and Wages	106,277
Payroll Taxes	11,695
Fringe Benefits	15,577
Professional Fees	17,144
Management Fees	81,747
Staff Development	45
Property Administration	3,568
Travel	2,219
Advertising and Marketing	8,710
Insurance and Taxes	63,873
Utility Expenses	226,076
Repairs and Maintenance	167,185
Office Expenses	1,447
Technology and Communication	4,341
Miscellaneous	60,938
Depreciation	247,099
Interest Expense	131,184
Bad Debt Expense	5,211
Total Operating Expenses	<u>1,154,336</u>

CHANGE IN NET ASSETS (DEFICITS)	<u><u>\$ (127,188)</u></u>
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – LA CAUSA CONSTRUCTION, LLC
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	313,387
Accounts Receivable		1,765,023
Intercompany Receivables		865,120
Other Receivables		<u>297,055</u>
 Total Assets	 \$	 <u><u>3,240,585</u></u>

LIABILITIES AND NET ASSETS (DEFICITS)

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	934,472
Intercompany Payables		<u>2,559,178</u>
 Total Liabilities		 3,493,650

NET ASSETS (DEFICITS)

Without Donor Restrictions		<u>(253,065)</u>
 Total Liabilities and Net Assets (Deficits)	 \$	 <u><u>3,240,585</u></u>

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – LA CAUSA CONSTRUCTION, LLC
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE

Fee for Service Revenue:	
Construction Revenue	\$ 10,106,538
Total Revenue	<u>10,106,538</u>

OPERATING EXPENSES

Salaries and Wages	619,413
Payroll Taxes	58,049
Fringe Benefits	76,052
Contractor Expense	8,174,487
Professional Fees	32,947
Staff Development	12,753
Travel	13,934
Administrative Costs	147,465
Occupancy	14,202
Insurance and Taxes	96,672
Utility Expenses	(7,128)
Office Expenses	12,606
Technology and Communication	4,914
Miscellaneous	3,417
Bad Debt Expense	213,226
Total Operating Expenses	<u>9,473,009</u>

CHANGE IN NET ASSETS (DEFICITS)	<u><u>\$ 633,529</u></u>
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION –
CPLC NEW MEXICO, INC.
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	127,797
Grants and Contracts Receivable, Net		632,805
Notes Receivable		97,536
Prepaid Expenses		665
Total Current Assets		858,803

LONG-TERM ASSETS

Property and Equipment		802,316
Investments		
Investments in Affiliated Entities - Equity Method		1,578,756
Total Long-Term Assets		2,381,072

Total Assets	\$	3,239,875
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LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	483,659
Intercompany Payables		2,000,679
Total Current Liabilities		2,484,338

LONG-TERM LIABILITIES

Mortgages Payable and Other Debt, Net		250,000
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Total Liabilities		2,734,338
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NET ASSETS

Without Donor Restrictions		505,537
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Total Liabilities and Net Assets	\$	3,239,875
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES –
CPLC NEW MEXICO, INC.
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE

Contract Revenue:	
Grants and Contracts	\$ 114,750
Fee for Service	3,147,457
Total Contract Revenue	3,262,207
Noncontract Revenue:	
Rental Income	2,199
Client Fees	84,155
Donations	397,255
Unrealized Loss in Investment in Affiliated Entities	24,335
Total Noncontract Revenue	507,944
Other Revenue:	
Investment Income	(209,403)
Dividend Income	75,000
Total Other Revenue	(134,403)
Total Revenue	3,635,748

OPERATING EXPENSES

Salaries and Wages	496,879
Payroll Taxes	43,205
Fringe Benefits	31,797
Professional Fees	2,638,043
Staff Development	6,097
Travel	66,314
Advertising and Marketing	13,136
Administrative Costs	135,899
Occupancy	81,561
Insurance and Taxes	28,167
Utility Expenses	12,305
Repairs and Maintenance	5,275
Office Expenses	3,081
Furniture and Fixtures	254
Technology and Communication	18,178
Consumable Supplies	3,049
Miscellaneous	10,466
Depreciation	56,029
Bad Debt Expense	(2)
Total Operating Expenses	3,649,733

NONOPERATING ACTIVITY

Loss on Sale of Assets, Net	-
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CHANGE IN NET ASSETS

\$ (13,985)

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF FINANCIAL POSITION – CPLC NEVADA, INC.
JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

ASSETS

CURRENT ASSETS

Cash and Cash Equivalents	\$	273,292
Grants and Contracts Receivable, Net		642,081
Intercompany Receivables		25,771
Other Assets		4,800
Prepaid Expenses		5,000
Total Current Assets		950,944

LONG-TERM ASSETS

Property and Equipment		17,623
Investments in Affiliated Entities - Equity Method		383,262
Total Long-Term Assets		400,885

Total Assets	\$	1,351,829
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LIABILITIES AND NET ASSETS (DEFICITS)

CURRENT LIABILITIES

Accounts Payable and Accrued Expenses	\$	225,627
Intercompany Payables		1,154,341
Total Current Liabilities		1,379,968

NET ASSETS (DEFICITS)

Without Donor Restrictions		(28,139)
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Total Liabilities and Net Assets (Deficits)	\$	1,351,829
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EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1
CHICANOS POR LA CAUSA, INC. AND SUBSIDIARIES AND AFFILIATES
STATEMENT OF ACTIVITIES – CPLC NEVADA, INC.
YEAR ENDED JUNE 30, 2020
(SEE INDEPENDENT AUDITORS' REPORT)

REVENUE

Contract Revenue:	
Grants and Contracts	\$ 1,522,346
Cost Reimbursement	94,217
Fee for Service	3,050
Total Contract Revenue	<u>1,619,613</u>
Noncontract Revenue:	
Client Fees	1,679
Donation	12,008
Fundraising	3,000
In-Kind	41,025
Other Revenue	10,398
Total Noncontract Revenue	<u>68,110</u>
Total Revenue	1,687,723

OPERATING EXPENSES

Salaries and Wages	792,331
Payroll Taxes	66,588
Fringe Benefits	36,144
Professional Fees	45,935
Staff Development	3,822
Travel	23,722
Advertising and Marketing	16,905
Administrative Costs	114,693
Occupancy	42,355
Insurance and Taxes	2,218
Utility Expenses	4,030
Repairs and Maintenance	427
Office Expenses	20,011
Furniture and Fixtures	22,877
Technology and Communication	37,824
Consumable Supplies	7,610
Monetary Assistance	165,851
Miscellaneous	1,962
In-Kind	41,025
Depreciation	504
Bad Debt Expense (Recovery)	1,407
Total Operating Expense/Recovery	<u>1,448,241</u>

CHANGE IN NET ASSETS (DEFICITS)

\$ 239,482

EXHIBIT E - ACCOUNTING CERTIFICATION STATEMENT Attachment F-1

Attachment F-2



CliftonLarsonAllen LLP
CLAconnect.com

November 15, 2021

Maricopa County
Human Services Department
234 North Central, Suite 3000
Phoenix, AZ 85004

To Whom It May Concern:

CliftonLarsonAllen LLP (CLA) was engaged to audit the consolidated financial statements of Chicanos Por La Causa, Inc. Affiliates and Subsidiaries as of and for the year ended June 30, 2020, pursuant to an engagement letter dated June 17, 2020. We rendered our unmodified opinion on those consolidated financial statements dated November 30, 2015. Our audit was conducted 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. Additionally, CLA has been engaged to perform the audit of the consolidated financial statements as of and for the year ended June 30, 2021 which is in process.

As part of performing an audit in accordance with generally accepted auditing standards, AU-C Section 315 states that: "The auditor should obtain an understanding of internal control relevant to the audit. When obtaining an understanding of controls that are relevant to the audit, the auditor should evaluate the design of those controls and determine whether they have been implemented by performing procedures in addition to inquiry of the entity's personnel." This understanding was obtained in connection with the fiscal 2020 audit of the consolidated financial statements. We also issued an Independent Auditors' 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* report which indicated that our observations identified no material weaknesses in internal accounting control.

A copy of our audit opinion audit reports on the consolidated financial statements of Chicanos Por La Causa, Inc. and Subsidiaries and Affiliates, which was conducted in accordance with auditing standards generally accepted in the United States of America; the standards for 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 of Federal Awards* can be located at the Federal Audit Clearinghouse: <https://facweb.census.gov/uploadpdf.aspx>.

This letter is intended for use only by the Maricopa County Human Services Department and should not be used for any other purposes. Please contact me at 602-604-3515 if you have any questions regarding the above.

Sincerely,
CliftonLarsonAllen LLP

A handwritten signature in cursive script that reads "Jean Marie Dietrich".

Jean Marie Dietrich
Signing Director
602-604-3550
Jean.Dietrich@CLAconnect.com



CLA is an independent member of Nexia International, a leading, global network of independent accounting and consulting firms. See nexia.com/member-firm-disclaimer for details.

EXHIBIT F - CERTIFICATION REGARDING DEBARMENT**Instruction for Certification**

1. By signing and submitting this proposal, the prospective recipient of Federal assistance funds is providing the certification as set out below.
2. The certification in this clause is a material representation of fact upon which reliance was placed when this transaction was entered into. If it is later determined that the prospective recipient of Federal assistance funds knowingly rendered an erroneous certification, in addition to other remedies available to the Federal Government, the U.S. Department of Housing & Urban Development (HUD) may pursue available remedies, including suspension and/or debarment.
3. The prospective recipient of Federal assistance funds shall provide immediate written notice to the person to whom this proposal is submitted if at any time the prospective recipient of Federal assistance funds learns that its certification was erroneous when submitted or has become erroneous by reason of changed circumstances.
4. The terms "covered transaction," "debarred," "suspended", "ineligible", "lower tier covered transaction", "participant", "person", "primary covered transaction", "principal", "proposal", and "voluntarily excluded", as used in this clause, have the meanings set out in the Definitions and Coverage sections of rules implementing Executive Order 12549. You may contact the person to which this proposal is submitted for assistance in obtaining a copy of those regulations.
5. The prospective recipient of Federal assistance funds agrees by submitting this proposal that, should the proposed covered transaction be entered into, it shall not knowingly enter into any lower tier covered transaction with a person who is debarred, suspended, declared ineligible or voluntarily excluded from participation in this covered transaction, unless authorized by HUD.
6. The prospective recipient of Federal assistance funds further agrees by submitting this proposal that it will include the clause titled "Certification Regarding Debarment, Suspension, Ineligibility and Voluntary Exclusion - Lower Tier Covered Transactions," without modification, in all lower tier covered transactions and in all solicitations for lower tier covered transactions.
7. A participant in a covered transaction may rely upon a certification of a prospective participant in a lower tier covered transaction that it is not debarred, suspended, ineligible, or voluntarily excluded from the covered transaction, unless it knows that the certification is erroneous. A participant may decide the method and frequency by which it determines the eligibility of its principals. Each participant may, but is not required to, check the List of Parties Excluded from Procurement or Non-procurement Programs.
8. Nothing contained in the foregoing shall be construed to require establishment of a system of records in order to render in good faith the certification required by this clause. The knowledge and information of a participant is not required to exceed that which is normally possessed by a prudent person in the ordinary course of business dealings.

Except for transactions authorized under paragraph 5 of these instructions, if a participant in a covered transaction knowingly enters into a lower tier transaction with a person who is suspended, debarred, ineligible or voluntary excluded from participation in this transaction, in addition to other remedies available to the Federal Government, HUD may pursue available remedies, including suspension and/or debarment.

**Certification Regarding Debarment, Suspension Ineligibility
and Voluntary Exclusion Lower Tier Covered Transactions**

This certification is required by the regulations implementing Executive Order 12549, Debarment and Suspension, 29 CFR Part 98, Section 98.510, participant's responsibilities. The regulations were published as Part VII of the May 26, 1988 Federal Register (pages 19160-19211).

(Before completing certification, read instructions which are an integral part of the certification)

1. The prospective recipient of Federal assistance funds certifies, by submission of this proposal, that neither it, nor its principals, are presently debarred, suspended, proposed from debarment, declared ineligible, or voluntarily excluded from participation in this transaction by any Federal department or agency.

2. Where the prospective recipient of Federal assistance funds is unable to certify to any of the statements in this certification, such prospective participant shall attach an explanation to this proposal.

Name and Title of Authorized Representative: _____Andres Contreras, Executive Vice President

DocuSigned by:
Andres Contreras
95818394C5EA42C...

Signature

11/2/2021 | 9:08 PM PDT

Date

CHICANOS POR LA CAUSA, INC., 1112 E. BUCKEYE ROAD, PHOENIX, AZ 85034

PRICING SHEET: NIGP CODE 95221, 95295

Terms:	NO TERMS
Vendor Number:	VC0000007070
Certificates of Insurance	Required
Contract Period:	To cover the period ending June 30, 2023.