

COMMUNITY DEVELOPMENT AGENCY

Marin County Affordable Housing Fund

Application Checklist

A. Application Forms

- 1. A Completed Application Checklist
- 2. Completed Application, signed by authorized personnel of the applicant
- 3. Completed Application Excel Spreadsheet including each of the following tabs:
 - a. Rent Roll (if applicable)
 - b. Performance Schedule
 - c. Acquisition Sources and Uses
 - d. Permanent Sources and Uses
 - e. Completed 1-Year Operating Budget and (template provided) 20-Year Cash Flow.

B. Organizational Attachments (as applicable)

Applicant Co-Applicant

- | | | | |
|-------------------------------------|-------------------------------------|----|----------------------------------------------------------------------|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 1. | Current year's operating budget |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 2. | Financial statements for last three fiscal years (audited preferred) |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 3. | Names and Addresses of Board of Directors |
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | 4. | IRS Tax Exemption letter |

C. Required Attachments

The following attachments must be submitted with your application.

- N/A 1. Documentation of site control (e.g. Purchase Contract, Option to Purchase, Grant Deed)
- 2. Board Resolution that authorizes site acquisition and application for MCHTF funds (if entity's governing body is a board)
- 3. Affirmative Marketing Plan (County template available)
- N/A 4. Memorandum of Understanding between co-applicants or borrower and development consultant (if applicable)

D. Supplemental Attachments (as applicable):

The following additional attachments may be requested after the Application has been submitted.

- 1. Appraisal (including Fair Market Value and Value with Regard to Restrictions)
- 2. Preliminary Title Report
- 3. Capital Needs Assessment
- 4. Architectural Drawings
- 5. Property Inspection Reports
- 6. Survey and Analysis of Building Systems
- 7. Phase I Environmental Site Assessment
- 8. Phase II Environmental Site Assessment
- 9. Copies of applications for other funding and commitment letters
- 10. Tenant Income Certification Forms for no less than 50% of the existing residents
- 11. Proposed Temporary Relocation Plan

Applicant Information

Organization Canal Alliance

Contact Name Omar Carrera

Title CEO

Address

91 Larkspur St. City San Rafael

State CA

Zip 94901

Phone 415-306-0423

Email OmarC@Canalalliance.org

Co-applicant Information (if applicable)

Organization N/A

Contact Name N/A

Title

Address

City

State

Zip

Phone

Email

Development Information

Development Name 0 Belvedere

Development Address

0 Belvedere St

APN (provide site map if applicable) N/A

Number of anticipated units by income level and bedroom count

	Very-low	Low	Moderate	Market	Total
Studio		4			4
1		28			28
2					
3					
4					
Total		32			32

1. Summary

Briefly summarize the request, including property description, proposed use of funds (and number of units involved).

The Canal Alliance is requesting up to \$800,000 to assist with the acquisition of an existing apartment building. The funds would be used in collaboration with funds from Canal Alliance, several other grant and soft loan sources, as well as a traditional bank lender (most likely Bank of Marin). The Canal Alliance shall use such funds to acquire a Multi Family property in San Rafael that previously did not have any income restrictions, and in exchange for such funding would place 55-year deed restrictions on 100% of the units (with the exception of the manager's unit). The restrictions would limit the units to be rented at an affordable rate to households earning less than 80% of county AMI level. The restriction would apply to new households when units turn over for 55 years.

We will also be soliciting grant and soft loan capital sources from Marin County, Marin Community Foundation, and La Raza Development Fund. In 2021, we made 2 offers on two separate properties to purchase 43 units. Both properties were located in the Canal Neighborhood. One of the properties consisted of 28 unit existing with the potential to convert a vacant "clubhouse" into 4 more units. For our application, we are submitting a write up and pro forma based on the potential acquisition of this 28-unit property including sources, uses, rents, and expenses.

Although we have made an offer on the property, we do not currently have site control of the property (and at this time do not expect to gain site control in the near future); however, the Canal Alliance would use funds from the Permanent Local Housing Allocation program to execute a similar acquisition.

2. Background/Applicant Experience

2.1. Property History. Please provide the property's history leading up to this request. Include when the sponsor acquired/will acquire the property, any previous requests for County funding, attempts to secure other financing, etc.

The property was built in 1965. It is primarily garden style 2 story walk ups reflective of many multifamily apartment buildings in the Canal. All of the existing 28 units are 1-bedroom units. None of the units have income restrictions on them. The property was last purchased in 2018.

2.2. Applicant Profile. Please provide a profile of the applicant (and of the co-applicant, if applicable). Include a description of the organization, including its mission, how long it has been in existence, experience of staff, and characteristics of its Board of Directors. Describe any recent expansion or cutbacks in activities and/or budget, as well as the organization's standing with licensing or other "accreditation" authorities, if applicable.

The Canal Alliance was founded in 1982 and has been the leading service provider and community advocate for Marin's low-income Latino immigrant community for 39 years. We have a trusted history of providing effective services for the low-income Latino immigrant community in San Rafael and throughout Marin. Canal Alliance offers a wraparound model of service delivery that simultaneously improves individual and family stability and well-being, education, and employment. Our primary strategy is to help clients access education and immigration legal services, which have the greatest impact on improving economic outcomes for immigrants. Beyond direct services, Canal Alliance is also engaged in increasing advocacy and community engagement efforts designed to facilitate community input, develop grassroots leadership, and expand civic engagement among Latino immigrants. Our goals in this area are to improve the health, wellness and stability of the Latino immigrant community by lifting the voices of community members to provide input and solutions to the challenges faced by the community. We are guided by a 12-member volunteer board comprised of Marin business and community leaders. By appreciating the importance of inclusion, we acknowledge that the collective and individual talents, skills, and perspectives of our staff foster a culture of belonging, safety, collaborative practice, innovation, and mutual respect.

We are based in one of the highest income counties in the entire USA (Marin County) yet we also have one of the lowest rates of new housing development per capita, which has exacerbated housing prices for our constituents and many residents (specifically rents and lower income earners in the area). Over the past few years, the Canal Alliance has undertaken multiple steps to evaluate, build the organizational capacity, and to prepare to purchase and preserve more affordable housing in San Rafael CA. The Canal Alliance currently owns and manages 12 affordable housing units in San Rafael CA, and has presented offers in 2020 to purchase an additional 43 units.

The Canal Alliance currently owns three fourplex buildings (12 unit) on Novato Street (153, 161, and 165). All of the units are deed restricted on a per unit basis for low income households (<60%AMI). As the Canal Alliance's acquires more residential properties in the neighborhood, it would expand its personnel and property management to include new units

In 2019, the Canal Alliance received 3rd party reports from two providers to better understand our capacity and determine the appropriate direction to expand our role in affordable housing. We received a diagnostic financial review from Non-Profit Finance Fund (NFF) a national lender to review the financial capacity of Canal Alliance to enter into the real estate field (attached); and we received a specific real estate report outlining the potential strategies and types of projects that the Canal Alliance could undertake initially, and in the long run (attached). Highlight from the Street Level Advisors Report:

HOUSING PROGRAM CONCEPTS

OVERVIEW

Consultants researched and evaluated a range of potential housing program concepts, including a continuation of Canal Alliance's current approach through small-scale acquisition and rehab, partnership models with developers and land trusts, including utilization of Low-Income Housing Tax Credits (LIHTC), limited-equity housing cooperatives, and a placemaking and climate resilience campaign to advocate for housing stability and fight displacement.

Buy and Renovate Smaller Buildings	Acquisition and Rehab Partnership	New Construction (LIHTC) Partnership
Convert Buildings to Resident Ownership (Co-ops)	New Homeownership Opportunities (Habitat)	Climate Resilience and Placemaking

In January of 2021, Canal Alliance hired PartnerBuilt LLC to organize its real estate initiatives, including advancing the strategies identify by Street Level primarily to “buy and renovate smaller buildings”. PartnerBuilt has identified several potential lending partners and grant capital sources to fund an acquisition and any corresponding improvements, as well as improved our internal vetting process, and presented offers on two properties (43 units) in 2021. Neither of our two offers have resulted in newly acquired properties (although our latest offer for a 28-unit property is still pending). Our experience underwriting, vetting, and presenting offers on smaller buildings have strengthened our organizational knowledge and internal process; and assured us that identified capital partners (loan, soft loan, and grant providers) are highly interested in supporting the Canal Alliance in acquiring and preserving more affordable housing in San Rafael.

In the spring of 2021, the Canal Alliance’s Board of Directors approved our internal acquisition guidelines and an acquisition approval process.

Acquisition Guidelines

Basic Parameters	
Key Partners	Verbal commitment for sufficient capital from loan and grant capital sources
Min Project Size	Minimum of 4 units
Min Debt Coverage Ratio	1.15-1.25 in year 1
Max Capital Commitment	<\$75K projected for fees and costs associated with the acquisition
Soft Benefits	Preservation and improvement of affordable housing; potentially extending Canal Alliance's client base; potentially scale property management
Geographic Area	San Rafael

The Acquisition Guidelines are designed as an internal vetting tool for the leadership of the Canal Alliance to review potential affordable housing projects prior to presenting them with the Real Estate subcommittee.

Canal Alliance Leadership, Board, and Real Estate Subcommittee Internal Approval Process:

Approval Process

Step	Approving Entity & Protocol	Time Range	Risk
Letter of Intent (LOI)	Approval by the Housing Subcommittee	1-3 Days after receiving LOI Draft	Minimal to None
Purchase Contract (PSA)	Review by Housing Subcommittee – recommendation to Executive Committee Unanimous approval by the Executive Committee w/ notification to Board	1-7 Days after receiving PSA 1-7 Days after receiving recommendation from HSC	If we enter contract, commitment to spend \$25K-\$35K on diligence, loan application...
Financial Contingency Waiver	Approval by the full Board if time permits, otherwise delegated to the Executive Committee	30-90 Days after start of PSA	Source(s), loan and/or grant, are delayed, or arrive with insufficient terms associated. Appraisal or capital needs report come in at unexpected values. Any legal risks associated with entering contract and then not getting the capital together to complete purchase.
Final Purchase	Approval by the full Board if time permits, otherwise delegated to the Executive Committee	60-120 Days after start of PSA	Begin risks associated with Housing/Property ownership.

Example Project 1: Financial pro forma and capital sources for the acquisition and preservation of affordable housing in San Rafael CA

Below is a draft memo that includes the primary details and assumptions associated with the acquisition of the Belvedere St property.

Background: In November 2021, we offered the owners of 0 Belvedere \$6M for their 28-unit property based on a CAP rate of 4.5%. (The NOI is from the Seller’s TTM Financials provided in July).

Net Income (TTM)	271,628
CAP Rate	Valuation
5	5,432,565
4.5	6,036,183
4	6,790,706

The Sellers have recently responded stating that be interested in accepting an offer of \$6.7M (which is approximately \$275,000 per unit). Compared to our \$300K per door criteria, the cost appears low because all of the units are one bedroom.

On our last call we discussed considering an elevated price-point supported by increased grant commitments from our potential partners (MCF, City of SR, Marin County and possibly others.)

The acquisition of 0 Belvedere at a \$6.7M price is an example of a deal that could only work financially with increased input in total grant capital received, soft loans or increased leverage.

Notes on our Financial Model: The property currently has 28 one-bedroom units. There is also a “club house” on site that can likely be converted into 4 x studio (or 1-bedroom units). In the proforma, we have added a budget of \$700,000 for this conversion.

From the TTM financials that we received from the seller (for 28 units) the building generated about \$500,000 in revenue. There has been some rumor of mismanagement by ownership and a local property manager. It is also likely that the seller-provided operating expenses are light; but the Alliance has an advantage as a non-profit buyer and with a tax exemption would save about \$50,000 per year compared to a for-profit owner.

Based on our projections, we could add approximately \$50-60,000 in total revenue driven by the addition of 4 units.

Example Project 1 Continued (Summary Table plus a Sources and Uses Table)

0 Belvedere modeled as a \$6.7M acquisition

Draft Pro Forma: Belvedere St Project			
Simple Metrics and Projected Costs			
Number of Residential Units	32	Currently 28 units includes the addition of 4 units	
Size of Parcel (sq ft)	41,851	estimate	
Estimate of Total Sq ft (Residential)	16800	estimate (6 separate 2 story buildings)	
Estimate of Total Cost / sq ft (As Is)	\$404		
Estimate of Total Costs / sq ft (As Improved)	\$470	Includes the conversion of a vacant building on the property into 4 more units	
Projected Year 1 DSCR (interest only)	1.38		
Projected Year 2 DSCR (after improvements)	1.25		
Total Loan Amount	\$4,436,602	Including Fees (1% origination)	
Estimate of Total Costs per Unit (Acquisition)	\$ 242,368		
Estimate of Total Costs per Unit (As Improved)	\$ 246,760		
Sources			
Acquisition Sources	6,786,310	Acquisition Sources	\$ 6,786,310
Costs and Fees paid for by Canal Alliance	60,810	Diligence and closing costs	\$ 60,810
Equity Capital from Canal Alliance	488,899	Acquisition of the property	\$ 6,700,000
Additional Grant Capital (2 potential sources)	200,000		
PLHA SOFT LOAN From Marin County	800,000		
Soft Loan from the City of San Rafael AHTF	800,000		
Loan Fee (1%)	25,500	Loan Fee (1%)	\$ 25,500
Loan from Bank or CDFI	4,411,102		
Rehab/Improvement Sources	\$1,110,000	Rehab/Improvement Uses	\$1,110,000
MCF Grant	\$650,000	Hard Costs of Improvements (estimate)	\$650,000
Additional Capital Contribution from Canal Alliance	\$160,000	Soft Costs of Improvements (estimate)	\$160,000
CDBG Rehab Grant	\$300,000	Improvements to existing units	\$300,000
Total Sources	\$7,896,310	Total Uses	\$ 7,896,310
			LTV - As Improved
			56%

*Numbers have changed slightly compared to this figure which is from November 2021

Example Project 2: Summary Table plus a Sources and Uses Table

We presented an offer on this 11-unit property, which is also located in the Canal Neighborhood, in the Spring of 2021, but did not complete the purchase.

Project 2: Example			
Simple Metrics and Projected Costs			
Number of Residential Units	11	7 x 1 bedrooms, 4 x 2 bedrooms	
Size of Parcel (sq ft)	19,683		
Estimate of Total Sq ft (Residential)	8568		
Estimate of Total Cost / sq ft (As Is)	\$308		
Estimate of total Costs / sq ft (As Improved)	\$366		
Total Loan Amount	\$1,679,135	Including Fees (1% origination) less deposits held by Seller	
Estimate of Total Costs per Unit (As Is)	\$ 239,736		
Estimate of Total Costs per Unit (As Improved)	\$ 285,190		
Sources			
Acquisition Sources	2,637,095	Acquisition Sources	\$ 2,637,095
Costs and Closing Costs paid for by Canal Alliance	57,960	Diligence and closing costs	\$ 57,960
Additional Capital from Canal Alliance	0	Acquisition of 11 unit building	\$ 2,575,000
Grant Capital/ soft loan from San Rafael	550,000		
Grant Capital/ soft loan from the Marin County	350,000		
Loan Fee (1%)	18,460	Loan Fee (1%)	\$ 18,460
Loan from Wonderful Bank or CDFI	1,675,000		
Credit to Buyer at Close for Tenant Deposits	\$ (14,325)	Credit to Buyer at Close for Tenant Deposits	\$ (14,325)
Rehab/Improvement Sources	\$500,000	Rehab/Improvement Uses	\$500,000
MCF Grant	\$500,000	Hard Costs associated with Improvements (estimate)	\$400,000
		Soft Costs associated with Improvements (estimate)	\$100,000
Total Sources	\$3,137,095	Total Uses	\$ 3,137,095
			LTV - As Improved
			54%

In 2022 and beyond, the Canal Alliance will continue to search for additional properties that meet our acquisition criteria, and present offers on those that meet our acquisition criteria.

A financial commitment from the County of Marin is essential to the Canal Alliance's affordable housing acquisition strategy. In addition to the capital sources listed, the Canal Alliance will

consider opportunities to close any funding gap present within an acquisition by investing a portion of Canal Alliance's reserves into a specific real estate acquisitions that meet our guidelines.

As affordable housing has become such an important issue to our community, the Canal Alliance has been highly active in determining its real estate strategies over the past few years, and is committed to increasing its portfolio of affordable housing in the region. We are committed to leveraging our organizational resources, talent, balance sheet to acquire and preserve more affordable housing in San Rafael. Gaining financial commitments from Marin County's Permanent Local Housing Fund program is important to our strategy to acquire and preserve affordable housing.

We look forward to working with Marin County to acquire and preserve more affordable housing in our City.

2.3. Project Manager. Describe staff assigned to the proposed property, their experience with acquiring/owning/rehabilitating similar sites, their current availability, and what percentage of time they expect to work on the subject project. Indicate similar projects each staff member has successfully completed.

Canal expects to hire at least two full-time staff: A Real Estate Project Manager and a Property Manager. The Real Estate Project Manager should have Minimum 4 years of nonprofit housing real estate experience and understand the real estate development process. They will provide strategic guidance to organizations on financial management and real estate projects, including purchasing, financing, and construction. The Property Manager will supervise and manage all leasing of rental units. They should have a minimum of 1-3 years of multi-family property management experience. Both of these positions will be expected to work 100% of their time in this project.

2.4. Property Manager. Please provide the name of the property management company that will be hired to manage the property (if applicable). Include the number of buildings and number of units the company currently manages that are affordable housing sites.

Canal Alliance currently owns three four-unit buildings at Marin Villa properties. Marin Villa properties has 16 buildings with other owners and is part of an HOA. The current Property Management Company is called Western Management Properties. However, Canal Alliance is planning to develop their own property management company that will supervise and manage all leasing of future rental units.

3. Site

3.1. Site Control. Please describe the type of site control that the applicant has for the proposed property and submit documentation in accordance with the Application Checklist. If this request includes funds for acquisition, summarize the acquisition terms, price, contingencies, conditions, and deadlines. When available, please submit a copy of an appraisal of the property and of a Board Resolution that authorizes your organization to acquire the site.

Canal Alliance does not currently have site control to purchase such a property

3.2. Unusual Characteristics. Please describe any unusual characteristics of the site (e.g. slope, rock formations, etc.) and any easements or encroachments granted to or caused by adjacent parcels and improvements. N/A

3.3. Existing developments - Building Inspection Report. Please describe any significant findings of building inspection reports and submit copies of any building inspection reports and surveys/analyses of any building systems, in accordance with the Application Checklist. N/A

3.4. Adjacent Uses. Indicate land uses of other parcels within the immediate vicinity of the project. N/A

3.5. Neighborhood Amenities. Describe any nearby amenities, such as parks, public transportation, grocery stores, health care facilities, schools, childcare, libraries, parks/open space, etc., that residents of the project are/would be able to use.

Pickleweed Park is the nearest and most popular park in the community. It serves as a gathering for recreation. It offers a large soccer field, a playground and picnic tables. It also offers access to nearby trails with beautiful sceneries. The Albert J. Boro Community Center is located at pickleweed park and provides access to classes, activities, events and City run programs. They have a public library and have childcare services. They also offer the option for businesses and individuals to rent their space and hold activities.

Marin Community Clinics provides affordable health care to uninsured and low-income residents of Marin and has a location in the Canal. They provide a full range of primary health care and several specialty services. Marin Community Clinics is a vital part of the healthcare network of our community.

Bahia Vista School is the local elementary school in the Canal. They cultivate a culture for individual differences and community values. It is within walking distance to all Canal residents.

There are a number of local markets that are walking distance for Canal residents. A few to name include Mi Tierra, Mi Rancho, Cardenas and Target.

The Canal neighborhood is a 2x2 mile radius and all essential services listed above are located in the Canal and are accessible by foot. This makes it very convenient and is unique for the residents in the Canal.

3.6. Environmental Issues/Site Suitability. Please explain the relevant environmental issues of the proposed project. Include any of the following items that are known. N/A

Flood zone

Phase I/II Site Assessment Results

Potential Hazards

Environmentally sensitive area or species

Cultural resources

If applicable and when available, submit a copy of the Phase I and Phase II Environmental Site Assessments.

3.7. State/Federal Environmental. Please describe how you plan to comply with state and federal requirements for environmental reviews, if any, including Section 106 review for historic preservation. N/A

4. Development/Rehabilitation Plan

4.1. Proposed New Construction - Entitlements. For new construction, please describe in

detail the permits that will be required, for example Design Review, Master Plan, Zone Change, General Plan Change, Coastal Permits, etc.

In the project we proposed converting a vacant “clubhouse” into 4 additional studio units. We believe that through statewide ADU and/or density bonus that the existing “clubhouse” which is both vacant and is closed could be converted into 4 new studio units; and that we could do so by going straight to the building departments for permits. IE no subsequent planning approvals would be required. The ramifications one way or another would not be major for the project. This would ultimately increase the project’s unit count from 28 existing units to 32 in total

4.2. Proposed New Construction- Local Planning contact. Please describe any contact with the local planning staff and any specific feedback provided.

Since we do not have site control yet, we have not held elaborate discussions with planning on the conversion. We did confirm that there is no “common space” requirement that would prevent the conversion of the clubhouse structure into 4 new studio units.

4.3. Proposed New Construction Population to be served. Describe the type of housing, family, senior, individuals with disabilities, etc.

The new units would primarily serve working individuals or couples in the Canal Neighborhood.

4.4. Proposed Rehabilitation or Acquisition Scope. Describe the scope of the rehabilitation that is proposed for the property and how it will address specific conditions, i.e. replacement needs, deferred maintenance, existing building violations, required seismic upgrades, building or health codes problems. Please describe any other existing rehabilitation needs that are not included in the proposed scope of work and explain their exclusion.

Explain how the rehabilitation will be staged to minimize risk and inconvenience to the residents. If certain systems or parts of residents’ units will be temporarily inoperable or unusable (e.g. kitchen or bathroom) during construction, state the estimated duration of such interruptions and what mitigations will be provided.

If applicable, submit a capital needs assessment and any corresponding architectural drawings, in accordance with the Application Checklist.

We do not anticipate large renovations to the existing 28 units at this time, but believe there are some improvements to the units or the property that we could make in order to improve the quality of life for the residents. We have requested future funding of \$300,000 from Marin County CDBG to assist with such renovations. Since the “clubhouse” is currently closed to residents, and in a building that does not include any current residents, we do not believe that the renovation of this structure would create any nuisance to the existing residents.

4.5. Proposed Rehabilitation or Acquisition Population to Be Served. Describe the demographics of the current tenants in the building.

The property appears to primarily serve working individuals, couples, and families. The demographics of the current tenant appears to be reflective of the demographic makeup of the Canal neighborhood. All households are currently paying rents below the affordable level for a household earning 60% AMI in San Rafael. We shall have on file and follow a fair housing marketing plan when renting out any units that have turned over.

4.6. Relocation. If applicable, describe in detail any temporary relocation of existing tenants at the site that will be necessitated by the proposed rehab scope. Include an explanation of the need for relocation, estimated duration, number of tenants that will be impacted, and which laws (local, state, federal) must be followed in carrying out the relocation.

N/A We do not anticipate any relocation of existing tenants and residents.

4.7. Accessibility. Please identify all applicable laws and the specific accessibility requirements that must be met in the design of the proposed project. If existing, please describe the accessibility of the building and the extent to which that accessibility will be upgraded.

We do not believe that the current property would need to have any modifications based on accessibility.

4.8. Community Support. Describe community engagement activities that have taken place and future plans that will take place.

Canal Alliance has been growing their community engagement and advocacy efforts to engage and empower Latinos to advocate for solutions to the issues that impact them. Canal Alliance was the 2020 Census Lead Outreach Agency and provided a number of outreach services across Marin in efforts to collect an accurate count. During the pandemic Canal Alliance has provided direct economic recovery services and lead education outreach efforts. Canal Alliance’s Community Engagement and Advocacy program responds during moments of crisis and need by providing outreach education and immediate services for the community.

5. Financing Plan (Sources and Uses)

5.1. Existing Financing. In the chart below, list any financing (loans and grants) previously received from all public and private sources for this building.

The property has not received any public financing sources. To our knowledge it is owned by a private party that put in standard equity and debt capital to acquire the building in 2018.

The property does not have any recorded income restrictions on it.

5.2. Proposed Financing: Sources & Uses Table. In the Excel file (“Excel Application.xls”) that was provided separately with this application, please enter the proposed sources and uses of funds for the project. Include both committed and anticipated sources. Provide a complete Sources and Uses Table for acquisition and for permanent sources.

Source	Status
Loan from Bank or CDFI (Bank of Marin)	Verbal discussions and specific project review
Grant or soft loan capital from Marin County*	Verbal discussions and specific project review and submission of PLHA funds
Grant or soft loan capital from the City of San	Verbal discussions, project review, and

Rafael*	submission of NOFA application
Grant capital from Marin Community Foundation*	Verbal discussions and specific project review
Capital Contributed by Canal Alliance	Commitment to cover certain acquisition costs, and considering larger capital investment.
Grant Capital from La Raza Development Fund	applied
Grant Capital from CDBG	applied
Marin County Affordable Housing Trust Fund	

Total anticipated subsidy from three to five funding sources: \$1,800,000

Total anticipated subsidy per unit: \$64,285

Total subsidy request per unit from Marin County PLHA: \$28,571

5.3. Proposed Sources Narrative. For the sources shown in item 5.2, Sources & Uses Table, please indicate the following:

- the status of all proposed funding sources as of the date of this application**
 We've had verbal discussions with each of the listed funding sources. We know the parameters that our preferred lending partner (Bank of Marin) can underwrite to, and have had a dozen conversations to review these two example projects. In addition to Bank of Marin we have conversed with 7 other local and national lenders (banks and CDFI's). If for some reason we could or decided not to work with Bank of Marin on such a note, there are multiple other lenders that would like to participate with a similar or better loan piece in such a scenario.
- the timing and likelihood for obtaining commitments of anticipated funding sources**
 We've presented Sellers with a longer timeline in order to provide sufficient timing to organize the appropriate loan, soft loan, and/or grant sources.
- the alternatives that will be pursued in the event that any funding sources are not obtained or are committed at lower levels than requested**

In addition to the capital sources listed, the Canal Alliance could be selected to a La Raza Development Fund cohort group for Latinx led organizations participating in expanding affordable housing. The program would include a 3 year grant (\$500,000 per participant organization) and potential to borrow from a soft loan fund (\$15M spread across approximately 10 projects). Furthermore, as previously discussed, the Canal Alliance will consider opportunities to close any funding gap present within an acquisition by investing a portion of Canal Alliance's reserves into a specific real estate acquisitions that meet our guidelines. So in the event that one or two of these funding sources fell through, the Canal Alliance would consider using its reserves to fund the deal.

5.4. Proposed Uses Narrative. For the uses shown in item 5.2, Sources & Uses Table, please explain how the budgeted amount was derived for each of the uses that are applicable to the proposed project. State whether costs are estimated or bid, and provide any other relevant information which justifies the budgeted expense, such as cost per square foot, percentage of other costs (e.g. contingency), the estimated number of work hours.

The proposed uses come from direct and indirect sources to estimate costs associated with **the** acquisition. The largest moving target for us was the cost of converting the existing clubhouse into 4 units, which we estimated at approximately \$175,000 per door. The existing clubhouse does have two kitchens and bathrooms including fixtures and hookups. Additional proposed uses come from direct conversations with lenders to determine projected costs of capital.

6. Project Operations

6.1. Annual Operating Budget. Using the Excel file provided, produce an operating budget. Include notes that explain how the budgeted costs were determined and other relevant information that justifies the budgeted expenses.

We determined our first-year operating budget based on 1) our experience owning property in the neighborhood 2) the Seller's existing financials 3) our knowledge of the operating costs of other properties in the Canal and Northern California in general.

6.2. 20-Year Cash Flow. Using the Excel file provided, produce a 20-year cash flow budget. In the space below, provide a narrative of any notable occurrences during the 20-year period.

The most notable items on the 20-year cash flow budget are projecting that expenses will rise by 3.5% per year, and rents will rise at 2.5% per year. Any marginal differences to these figures would have the largest impact on the 20-year cash flow projection.

6.4. Section 8 Voucher Compliance. Please confirm that the property will be registered with the Marin Housing Authority as a site that will accept Section 8 vouchers.

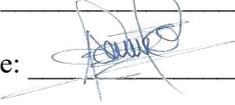
We have not assumed any subsidy vouchers in our current model. Any units that were rented to MHA tenants would increase the project's cashflows.

Signature Page:

I, Omar Carrera, the CEO of Canal Alliance, have reviewed this application.

We look forward to receiving a financial commitment from the Marin County's PLHA program to purchase and preserve more affordable housing in the region.

Printed: Omar Carrera

Signature:  _____

Date: 2/15/2022

**Belvedere Project
San Rafael, CA
Rent Roll**

Projection Y1 to Y2 increase:
0.05

All 1 bedroom units

UNIT	NAME	DEPOSIT	TYPE	QUARE FEE	CURRENT RENT	Year 2 Monthly Rents	ANNUAL BASE RENT	Year 2 Annual Rents	Notes
1	<i>Tenant Name</i>		(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
2			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
3			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
4			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
5			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
6			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
7			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
8			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
9			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
10			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
11			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
12			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
13			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
14			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
15			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
16			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
17			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
18			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
19			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
20			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
21			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
22			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
23			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
24			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
25			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
26			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
27			(1 Bed/1 Bath	550	\$ 1,550	\$ 1,628	\$ 18,600	\$ 19,530	
28			(1 Bed/1 Bath	550			\$ -	\$ -	No rent,Managers Unit
29			(1 Bed/1 Bath	350		\$ 1,600	\$ -	\$ 19,200	
30			(1 Bed/1 Bath	350		\$ 1,600	\$ -	\$ 19,200	
31			(1 Bed/1 Bath	350		\$ 1,600	\$ -	\$ 19,200	
32			(1 Bed/1 Bath	350		\$ 1,600	\$ -	\$ 19,200	

Deposit Held by Seller	\$ 25,000.00	16800	Monthly Rent	Yr 2 Monthly Rent	Annual Income Year 1	Annual Income Year 2
		Total SF				
		16800	\$ 41,850.00	\$ 50,342.50	\$ 502,200.00	\$ 604,110.00
		Laundry	320		3840	3840
		other income				
					\$ 506,040.00	\$ 607,950.00

DRAFT: SAMPLE SCHEDULE, Rough Acquisition Timeline and subsequent improvements/rehab				
Period	Task	Cost Estimate	Estimate of Days	Notes
	Seller signs and returns LOI			
	Prepare PSA		1 to 7	
	HSC reviews PSA and provides recommendation to the Executive Committee.		1 to 4	
	Executive Committee Votes (unanimous approval necessary to move forward), Present		1 to 4	
	2 PSA to Seller		1 to 4	
	Seller Signs PSA and returns		1 to 4	
PSA	Purchase and Sale Agreement Begins		5	
	Buyer order preliminary title report			
	Buyer open escrow, and make deposit	\$60,000		Credited to Buyer at Close
DD	Due Diligence Period starts upon reception of these docs		60	
	Seller presents docs on the property	\$ 18,310		
	End of Due Diligence Period			
Fin	Start of Financial Contingency Period		60	\$30,000 to become non refundable at the start of the Financing Contingency Period
	Appraisal for the property to come at or above the asking price			
	Buyer to finalize grant capital and loan capital source(s)			
	Full Board or Executive Committee review and approve			
	End of Financial Contingency Period			
	If both extensions are requested the Close of Escrow would be 90 days after end of the financing contingency			
E1	Possible 30 day Extension 1: \$10,000 (which would be applied to the purchase price)	\$10,000	30	*Not Included in Out of pocket expenses
E2	Possible 30 day Extension 2: \$10,000 (which would be applied to the purchase price)	\$10,000	30	*Not Included in Out of pocket expenses
	Total Escrow and recording Fees (Paid at Close)	\$1,250		Paid by Buyer
	Legal Fee (Paid to Lender)	\$20,000		Added to Out of Pocket Costs by the Alliance, hopefully less
	Legal Fees (Internal)	\$10,000		Estimate (Added to out of pocket costs by the Alliance)
	Misc.expenses or fees paid by Canal Alliance	\$10,000		Estimate (Added to out of pocket costs by the Alliance)
	4 Full Board or Executive Committee review and approve			
Close	Close of Escrow: 30 days from the end of Financial Contingency		30	
		\$ 59,560		Estimated Total Out of Pocket (non recoverable expenses and fees paid by the Canal Alliance)
Rehab/Improvements	Begin new management, improvements, and rehab... Projected completion of improvements and rehab is 12 months after the close of the sale			Early 2024

LOAN AMORTIZATION SCHEDULE

ENTER VALUES

Loan amount	\$4,411,101.50
Annual interest rate	4.75%
Loan Ammortization in Years	25
Number of payments per year	12
Start date of loan	8/1/2021
Loan Term in Years	15
Optional extra payments	\$0.00

LOAN SUMMARY

Scheduled payment	\$25,148.46
(Placeholder for AM)	300
Actual number of payments	120
Total early payments	\$0.00
Total interest (Paid on a 10 year note)	\$1,896,114.38

Note: Ending Balance for 10 year note in row 131

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
1	8/1/2021	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$17,460.61
2	9/1/2021	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$34,921.22
3	10/1/2021	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$52,381.83
4	11/1/2021	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$69,842.44
5	12/1/2021	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$87,303.05
6	1/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$104,763.66
7	2/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$122,224.27
8	3/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$139,684.88
9	4/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$157,145.49
10	5/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$174,606.10
11	6/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$192,066.71
12	7/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$209,527.32
13	8/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46		\$17,460.61	\$4,411,101.50	\$226,987.93
14	9/1/2022	\$4,411,101.50	\$25,148.46	\$0.00	\$25,148.46	\$7,687.85	\$17,460.61	\$4,403,413.65	\$244,448.54
15	10/1/2022	\$4,403,413.65	\$25,148.46	\$0.00	\$25,148.46	\$7,718.28	\$17,430.18	\$4,395,695.38	\$261,878.72
16	11/1/2022	\$4,395,695.38	\$25,148.46	\$0.00	\$25,148.46	\$7,748.83	\$17,399.63	\$4,387,946.55	\$279,278.35
17	12/1/2022	\$4,387,946.55	\$25,148.46	\$0.00	\$25,148.46	\$7,779.50	\$17,368.96	\$4,380,167.05	\$296,647.30
18	1/1/2023	\$4,380,167.05	\$25,148.46	\$0.00	\$25,148.46	\$7,810.29	\$17,338.16	\$4,372,356.76	\$313,985.46
19	2/1/2023	\$4,372,356.76	\$25,148.46	\$0.00	\$25,148.46	\$7,841.21	\$17,307.25	\$4,364,515.55	\$331,292.71
20	3/1/2023	\$4,364,515.55	\$25,148.46	\$0.00	\$25,148.46	\$7,872.25	\$17,276.21	\$4,356,643.30	\$348,568.92
21	4/1/2023	\$4,356,643.30	\$25,148.46	\$0.00	\$25,148.46	\$7,903.41	\$17,245.05	\$4,348,739.89	\$365,813.96
22	5/1/2023	\$4,348,739.89	\$25,148.46	\$0.00	\$25,148.46	\$7,934.69	\$17,213.76	\$4,340,805.20	\$383,027.73
23	6/1/2023	\$4,340,805.20	\$25,148.46	\$0.00	\$25,148.46	\$7,966.10	\$17,182.35	\$4,332,839.09	\$400,210.08
24	7/1/2023	\$4,332,839.09	\$25,148.46	\$0.00	\$25,148.46	\$7,997.63	\$17,150.82	\$4,324,841.46	\$417,360.90
25	8/1/2023	\$4,324,841.46	\$25,148.46	\$0.00	\$25,148.46	\$8,029.29	\$17,119.16	\$4,316,812.17	\$434,480.07
26	9/1/2023	\$4,316,812.17	\$25,148.46	\$0.00	\$25,148.46	\$8,061.07	\$17,087.38	\$4,308,751.09	\$451,567.45
27	10/1/2023	\$4,308,751.09	\$25,148.46	\$0.00	\$25,148.46	\$8,092.98	\$17,055.47	\$4,300,658.11	\$468,622.92
28	11/1/2023	\$4,300,658.11	\$25,148.46	\$0.00	\$25,148.46	\$8,125.02	\$17,023.44	\$4,292,533.09	\$485,646.36
29	12/1/2023	\$4,292,533.09	\$25,148.46	\$0.00	\$25,148.46	\$8,157.18	\$16,991.28	\$4,284,375.92	\$502,637.63
30	1/1/2024	\$4,284,375.92	\$25,148.46	\$0.00	\$25,148.46	\$8,189.47	\$16,958.99	\$4,276,186.45	\$519,596.62
31	2/1/2024	\$4,276,186.45	\$25,148.46	\$0.00	\$25,148.46	\$8,221.88	\$16,926.57	\$4,267,964.56	\$536,523.19
32	3/1/2024	\$4,267,964.56	\$25,148.46	\$0.00	\$25,148.46	\$8,254.43	\$16,894.03	\$4,259,710.14	\$553,417.22
33	4/1/2024	\$4,259,710.14	\$25,148.46	\$0.00	\$25,148.46	\$8,287.10	\$16,861.35	\$4,251,423.03	\$570,278.57
34	5/1/2024	\$4,251,423.03	\$25,148.46	\$0.00	\$25,148.46	\$8,319.91	\$16,828.55	\$4,243,103.13	\$587,107.12
35	6/1/2024	\$4,243,103.13	\$25,148.46	\$0.00	\$25,148.46	\$8,352.84	\$16,795.62	\$4,234,750.29	\$603,902.74

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
36	7/1/2024	\$4,234,750.29	\$25,148.46	\$0.00	\$25,148.46	\$8,385.90	\$16,762.55	\$4,226,364.39	\$620,665.29
37	8/1/2024	\$4,226,364.39	\$25,148.46	\$0.00	\$25,148.46	\$8,419.10	\$16,729.36	\$4,217,945.29	\$637,394.65
38	9/1/2024	\$4,217,945.29	\$25,148.46	\$0.00	\$25,148.46	\$8,452.42	\$16,696.03	\$4,209,492.87	\$654,090.68
39	10/1/2024	\$4,209,492.87	\$25,148.46	\$0.00	\$25,148.46	\$8,485.88	\$16,662.58	\$4,201,006.99	\$670,753.26
40	11/1/2024	\$4,201,006.99	\$25,148.46	\$0.00	\$25,148.46	\$8,519.47	\$16,628.99	\$4,192,487.52	\$687,382.25
41	12/1/2024	\$4,192,487.52	\$25,148.46	\$0.00	\$25,148.46	\$8,553.19	\$16,595.26	\$4,183,934.33	\$703,977.51
42	1/1/2025	\$4,183,934.33	\$25,148.46	\$0.00	\$25,148.46	\$8,587.05	\$16,561.41	\$4,175,347.28	\$720,538.92
43	2/1/2025	\$4,175,347.28	\$25,148.46	\$0.00	\$25,148.46	\$8,621.04	\$16,527.42	\$4,166,726.24	\$737,066.33
44	3/1/2025	\$4,166,726.24	\$25,148.46	\$0.00	\$25,148.46	\$8,655.16	\$16,493.29	\$4,158,071.07	\$753,559.62
45	4/1/2025	\$4,158,071.07	\$25,148.46	\$0.00	\$25,148.46	\$8,689.42	\$16,459.03	\$4,149,381.65	\$770,018.66
46	5/1/2025	\$4,149,381.65	\$25,148.46	\$0.00	\$25,148.46	\$8,723.82	\$16,424.64	\$4,140,657.83	\$786,443.29
47	6/1/2025	\$4,140,657.83	\$25,148.46	\$0.00	\$25,148.46	\$8,758.35	\$16,390.10	\$4,131,899.48	\$802,833.40
48	7/1/2025	\$4,131,899.48	\$25,148.46	\$0.00	\$25,148.46	\$8,793.02	\$16,355.44	\$4,123,106.46	\$819,188.83
49	8/1/2025	\$4,123,106.46	\$25,148.46	\$0.00	\$25,148.46	\$8,827.83	\$16,320.63	\$4,114,278.63	\$835,509.46
50	9/1/2025	\$4,114,278.63	\$25,148.46	\$0.00	\$25,148.46	\$8,862.77	\$16,285.69	\$4,105,415.86	\$851,795.15
51	10/1/2025	\$4,105,415.86	\$25,148.46	\$0.00	\$25,148.46	\$8,897.85	\$16,250.60	\$4,096,518.01	\$868,045.75
52	11/1/2025	\$4,096,518.01	\$25,148.46	\$0.00	\$25,148.46	\$8,933.07	\$16,215.38	\$4,087,584.94	\$884,261.13
53	12/1/2025	\$4,087,584.94	\$25,148.46	\$0.00	\$25,148.46	\$8,968.43	\$16,180.02	\$4,078,616.51	\$900,441.16
54	1/1/2026	\$4,078,616.51	\$25,148.46	\$0.00	\$25,148.46	\$9,003.93	\$16,144.52	\$4,069,612.58	\$916,585.68
55	2/1/2026	\$4,069,612.58	\$25,148.46	\$0.00	\$25,148.46	\$9,039.57	\$16,108.88	\$4,060,573.00	\$932,694.57
56	3/1/2026	\$4,060,573.00	\$25,148.46	\$0.00	\$25,148.46	\$9,075.35	\$16,073.10	\$4,051,497.65	\$948,767.67
57	4/1/2026	\$4,051,497.65	\$25,148.46	\$0.00	\$25,148.46	\$9,111.28	\$16,037.18	\$4,042,386.37	\$964,804.85
58	5/1/2026	\$4,042,386.37	\$25,148.46	\$0.00	\$25,148.46	\$9,147.34	\$16,001.11	\$4,033,239.03	\$980,805.96
59	6/1/2026	\$4,033,239.03	\$25,148.46	\$0.00	\$25,148.46	\$9,183.55	\$15,964.90	\$4,024,055.48	\$996,770.86
60	7/1/2026	\$4,024,055.48	\$25,148.46	\$0.00	\$25,148.46	\$9,219.90	\$15,928.55	\$4,014,835.58	\$1,012,699.42
61	8/1/2026	\$4,014,835.58	\$25,148.46	\$0.00	\$25,148.46	\$9,256.40	\$15,892.06	\$4,005,579.18	\$1,028,591.47
62	9/1/2026	\$4,005,579.18	\$25,148.46	\$0.00	\$25,148.46	\$9,293.04	\$15,855.42	\$3,996,286.14	\$1,044,446.89
63	10/1/2026	\$3,996,286.14	\$25,148.46	\$0.00	\$25,148.46	\$9,329.82	\$15,818.63	\$3,986,956.32	\$1,060,265.52
64	11/1/2026	\$3,986,956.32	\$25,148.46	\$0.00	\$25,148.46	\$9,366.75	\$15,781.70	\$3,977,589.56	\$1,076,047.23
65	12/1/2026	\$3,977,589.56	\$25,148.46	\$0.00	\$25,148.46	\$9,403.83	\$15,744.63	\$3,968,185.73	\$1,091,791.85
66	1/1/2027	\$3,968,185.73	\$25,148.46	\$0.00	\$25,148.46	\$9,441.05	\$15,707.40	\$3,958,744.68	\$1,107,499.25
67	2/1/2027	\$3,958,744.68	\$25,148.46	\$0.00	\$25,148.46	\$9,478.42	\$15,670.03	\$3,949,266.26	\$1,123,169.28
68	3/1/2027	\$3,949,266.26	\$25,148.46	\$0.00	\$25,148.46	\$9,515.94	\$15,632.51	\$3,939,750.31	\$1,138,801.80
69	4/1/2027	\$3,939,750.31	\$25,148.46	\$0.00	\$25,148.46	\$9,553.61	\$15,594.84	\$3,930,196.70	\$1,154,396.64
70	5/1/2027	\$3,930,196.70	\$25,148.46	\$0.00	\$25,148.46	\$9,591.43	\$15,557.03	\$3,920,605.28	\$1,169,953.67
71	6/1/2027	\$3,920,605.28	\$25,148.46	\$0.00	\$25,148.46	\$9,629.39	\$15,519.06	\$3,910,975.88	\$1,185,472.73
72	7/1/2027	\$3,910,975.88	\$25,148.46	\$0.00	\$25,148.46	\$9,667.51	\$15,480.95	\$3,901,308.37	\$1,200,953.68
73	8/1/2027	\$3,901,308.37	\$25,148.46	\$0.00	\$25,148.46	\$9,705.78	\$15,442.68	\$3,891,602.60	\$1,216,396.36
74	9/1/2027	\$3,891,602.60	\$25,148.46	\$0.00	\$25,148.46	\$9,744.20	\$15,404.26	\$3,881,858.40	\$1,231,800.62
75	10/1/2027	\$3,881,858.40	\$25,148.46	\$0.00	\$25,148.46	\$9,782.77	\$15,365.69	\$3,872,075.64	\$1,247,166.31
76	11/1/2027	\$3,872,075.64	\$25,148.46	\$0.00	\$25,148.46	\$9,821.49	\$15,326.97	\$3,862,254.15	\$1,262,493.27
77	12/1/2027	\$3,862,254.15	\$25,148.46	\$0.00	\$25,148.46	\$9,860.37	\$15,288.09	\$3,852,393.78	\$1,277,781.36
78	1/1/2028	\$3,852,393.78	\$25,148.46	\$0.00	\$25,148.46	\$9,899.40	\$15,249.06	\$3,842,494.38	\$1,293,030.42
79	2/1/2028	\$3,842,494.38	\$25,148.46	\$0.00	\$25,148.46	\$9,938.58	\$15,209.87	\$3,832,555.80	\$1,308,240.29
80	3/1/2028	\$3,832,555.80	\$25,148.46	\$0.00	\$25,148.46	\$9,977.92	\$15,170.53	\$3,822,577.88	\$1,323,410.83
81	4/1/2028	\$3,822,577.88	\$25,148.46	\$0.00	\$25,148.46	\$10,017.42	\$15,131.04	\$3,812,560.46	\$1,338,541.87

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
82	5/1/2028	\$3,812,560.46	\$25,148.46	\$0.00	\$25,148.46	\$10,057.07	\$15,091.39	\$3,802,503.39	\$1,353,633.25
83	6/1/2028	\$3,802,503.39	\$25,148.46	\$0.00	\$25,148.46	\$10,096.88	\$15,051.58	\$3,792,406.51	\$1,368,684.83
84	7/1/2028	\$3,792,406.51	\$25,148.46	\$0.00	\$25,148.46	\$10,136.85	\$15,011.61	\$3,782,269.67	\$1,383,696.44
85	8/1/2028	\$3,782,269.67	\$25,148.46	\$0.00	\$25,148.46	\$10,176.97	\$14,971.48	\$3,772,092.69	\$1,398,667.92
86	9/1/2028	\$3,772,092.69	\$25,148.46	\$0.00	\$25,148.46	\$10,217.26	\$14,931.20	\$3,761,875.44	\$1,413,599.12
87	10/1/2028	\$3,761,875.44	\$25,148.46	\$0.00	\$25,148.46	\$10,257.70	\$14,890.76	\$3,751,617.74	\$1,428,489.88
88	11/1/2028	\$3,751,617.74	\$25,148.46	\$0.00	\$25,148.46	\$10,298.30	\$14,850.15	\$3,741,319.44	\$1,443,340.03
89	12/1/2028	\$3,741,319.44	\$25,148.46	\$0.00	\$25,148.46	\$10,339.07	\$14,809.39	\$3,730,980.37	\$1,458,149.42
90	1/1/2029	\$3,730,980.37	\$25,148.46	\$0.00	\$25,148.46	\$10,379.99	\$14,768.46	\$3,720,600.38	\$1,472,917.88
91	2/1/2029	\$3,720,600.38	\$25,148.46	\$0.00	\$25,148.46	\$10,421.08	\$14,727.38	\$3,710,179.30	\$1,487,645.26
92	3/1/2029	\$3,710,179.30	\$25,148.46	\$0.00	\$25,148.46	\$10,462.33	\$14,686.13	\$3,699,716.97	\$1,502,331.39
93	4/1/2029	\$3,699,716.97	\$25,148.46	\$0.00	\$25,148.46	\$10,503.74	\$14,644.71	\$3,689,213.23	\$1,516,976.10
94	5/1/2029	\$3,689,213.23	\$25,148.46	\$0.00	\$25,148.46	\$10,545.32	\$14,603.14	\$3,678,667.91	\$1,531,579.24
95	6/1/2029	\$3,678,667.91	\$25,148.46	\$0.00	\$25,148.46	\$10,587.06	\$14,561.39	\$3,668,080.85	\$1,546,140.63
96	7/1/2029	\$3,668,080.85	\$25,148.46	\$0.00	\$25,148.46	\$10,628.97	\$14,519.49	\$3,657,451.88	\$1,560,660.12
97	8/1/2029	\$3,657,451.88	\$25,148.46	\$0.00	\$25,148.46	\$10,671.04	\$14,477.41	\$3,646,780.84	\$1,575,137.53
98	9/1/2029	\$3,646,780.84	\$25,148.46	\$0.00	\$25,148.46	\$10,713.28	\$14,435.17	\$3,636,067.56	\$1,589,572.70
99	10/1/2029	\$3,636,067.56	\$25,148.46	\$0.00	\$25,148.46	\$10,755.69	\$14,392.77	\$3,625,311.87	\$1,603,965.47
100	11/1/2029	\$3,625,311.87	\$25,148.46	\$0.00	\$25,148.46	\$10,798.26	\$14,350.19	\$3,614,513.61	\$1,618,315.66
101	12/1/2029	\$3,614,513.61	\$25,148.46	\$0.00	\$25,148.46	\$10,841.01	\$14,307.45	\$3,603,672.60	\$1,632,623.11
102	1/1/2030	\$3,603,672.60	\$25,148.46	\$0.00	\$25,148.46	\$10,883.92	\$14,264.54	\$3,592,788.68	\$1,646,887.65
103	2/1/2030	\$3,592,788.68	\$25,148.46	\$0.00	\$25,148.46	\$10,927.00	\$14,221.46	\$3,581,861.68	\$1,661,109.11
104	3/1/2030	\$3,581,861.68	\$25,148.46	\$0.00	\$25,148.46	\$10,970.25	\$14,178.20	\$3,570,891.43	\$1,675,287.31
105	4/1/2030	\$3,570,891.43	\$25,148.46	\$0.00	\$25,148.46	\$11,013.68	\$14,134.78	\$3,559,877.75	\$1,689,422.09
106	5/1/2030	\$3,559,877.75	\$25,148.46	\$0.00	\$25,148.46	\$11,057.27	\$14,091.18	\$3,548,820.48	\$1,703,513.27
107	6/1/2030	\$3,548,820.48	\$25,148.46	\$0.00	\$25,148.46	\$11,101.04	\$14,047.41	\$3,537,719.44	\$1,717,560.68
108	7/1/2030	\$3,537,719.44	\$25,148.46	\$0.00	\$25,148.46	\$11,144.98	\$14,003.47	\$3,526,574.46	\$1,731,564.16
109	8/1/2030	\$3,526,574.46	\$25,148.46	\$0.00	\$25,148.46	\$11,189.10	\$13,959.36	\$3,515,385.36	\$1,745,523.51
110	9/1/2030	\$3,515,385.36	\$25,148.46	\$0.00	\$25,148.46	\$11,233.39	\$13,915.07	\$3,504,151.97	\$1,759,438.58
111	10/1/2030	\$3,504,151.97	\$25,148.46	\$0.00	\$25,148.46	\$11,277.85	\$13,870.60	\$3,492,874.11	\$1,773,309.18
112	11/1/2030	\$3,492,874.11	\$25,148.46	\$0.00	\$25,148.46	\$11,322.50	\$13,825.96	\$3,481,551.62	\$1,787,135.14
113	12/1/2030	\$3,481,551.62	\$25,148.46	\$0.00	\$25,148.46	\$11,367.31	\$13,781.14	\$3,470,184.31	\$1,800,916.28
114	1/1/2031	\$3,470,184.31	\$25,148.46	\$0.00	\$25,148.46	\$11,412.31	\$13,736.15	\$3,458,772.00	\$1,814,652.43
115	2/1/2031	\$3,458,772.00	\$25,148.46	\$0.00	\$25,148.46	\$11,457.48	\$13,690.97	\$3,447,314.51	\$1,828,343.40
116	3/1/2031	\$3,447,314.51	\$25,148.46	\$0.00	\$25,148.46	\$11,502.84	\$13,645.62	\$3,435,811.68	\$1,841,989.02
117	4/1/2031	\$3,435,811.68	\$25,148.46	\$0.00	\$25,148.46	\$11,548.37	\$13,600.09	\$3,424,263.31	\$1,855,589.11
118	5/1/2031	\$3,424,263.31	\$25,148.46	\$0.00	\$25,148.46	\$11,594.08	\$13,554.38	\$3,412,669.23	\$1,869,143.49
119	6/1/2031	\$3,412,669.23	\$25,148.46	\$0.00	\$25,148.46	\$11,639.97	\$13,508.48	\$3,401,029.26	\$1,882,651.97
120	7/1/2031	\$3,401,029.26	\$25,148.46	\$0.00	\$25,148.46	\$11,686.05	\$13,462.41	\$3,389,343.21	\$1,896,114.38
121	8/1/2031	\$3,389,343.21	\$25,148.46	\$0.00	\$25,148.46	\$11,732.31	\$13,416.15	\$3,377,610.90	\$1,909,530.53
122	9/1/2031	\$3,377,610.90	\$25,148.46	\$0.00	\$25,148.46	\$11,778.75	\$13,369.71	\$3,365,832.16	\$1,922,900.24
123	10/1/2031	\$3,365,832.16	\$25,148.46	\$0.00	\$25,148.46	\$11,825.37	\$13,323.09	\$3,354,006.79	\$1,936,223.32
124	11/1/2031	\$3,354,006.79	\$25,148.46	\$0.00	\$25,148.46	\$11,872.18	\$13,276.28	\$3,342,134.61	\$1,949,499.60
125	12/1/2031	\$3,342,134.61	\$25,148.46	\$0.00	\$25,148.46	\$11,919.17	\$13,229.28	\$3,330,215.44	\$1,962,728.88
126	1/1/2032	\$3,330,215.44	\$25,148.46	\$0.00	\$25,148.46	\$11,966.35	\$13,182.10	\$3,318,249.08	\$1,975,910.98
127	2/1/2032	\$3,318,249.08	\$25,148.46	\$0.00	\$25,148.46	\$12,013.72	\$13,134.74	\$3,306,235.36	\$1,989,045.72

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
128	3/1/2032	\$3,306,235.36	\$25,148.46	\$0.00	\$25,148.46	\$12,061.27	\$13,087.18	\$3,294,174.09	\$2,002,132.90
129	4/1/2032	\$3,294,174.09	\$25,148.46	\$0.00	\$25,148.46	\$12,109.02	\$13,039.44	\$3,282,065.07	\$2,015,172.34
130	5/1/2032	\$3,282,065.07	\$25,148.46	\$0.00	\$25,148.46	\$12,156.95	\$12,991.51	\$3,269,908.13	\$2,028,163.85
131	6/1/2032	\$3,269,908.13	\$25,148.46	\$0.00	\$25,148.46	\$12,205.07	\$12,943.39	\$3,257,703.06	\$2,041,107.24
132	7/1/2032	\$3,257,703.06	\$25,148.46	\$0.00	\$25,148.46	\$12,253.38	\$12,895.07	\$3,245,449.68	\$2,054,002.31
133	8/1/2032	\$3,245,449.68	\$25,148.46	\$0.00	\$25,148.46	\$12,301.88	\$12,846.57	\$3,233,147.79	\$2,066,848.88
134	9/1/2032	\$3,233,147.79	\$25,148.46	\$0.00	\$25,148.46	\$12,350.58	\$12,797.88	\$3,220,797.21	\$2,079,646.76
135	10/1/2032	\$3,220,797.21	\$25,148.46	\$0.00	\$25,148.46	\$12,399.47	\$12,748.99	\$3,208,397.75	\$2,092,395.75
136	11/1/2032	\$3,208,397.75	\$25,148.46	\$0.00	\$25,148.46	\$12,448.55	\$12,699.91	\$3,195,949.20	\$2,105,095.66
137	12/1/2032	\$3,195,949.20	\$25,148.46	\$0.00	\$25,148.46	\$12,497.82	\$12,650.63	\$3,183,451.38	\$2,117,746.29
138	1/1/2033	\$3,183,451.38	\$25,148.46	\$0.00	\$25,148.46	\$12,547.29	\$12,601.16	\$3,170,904.08	\$2,130,347.45
139	2/1/2033	\$3,170,904.08	\$25,148.46	\$0.00	\$25,148.46	\$12,596.96	\$12,551.50	\$3,158,307.12	\$2,142,898.94
140	3/1/2033	\$3,158,307.12	\$25,148.46	\$0.00	\$25,148.46	\$12,646.82	\$12,501.63	\$3,145,660.30	\$2,155,400.58
141	4/1/2033	\$3,145,660.30	\$25,148.46	\$0.00	\$25,148.46	\$12,696.88	\$12,451.57	\$3,132,963.42	\$2,167,852.15
142	5/1/2033	\$3,132,963.42	\$25,148.46	\$0.00	\$25,148.46	\$12,747.14	\$12,401.31	\$3,120,216.27	\$2,180,253.46
143	6/1/2033	\$3,120,216.27	\$25,148.46	\$0.00	\$25,148.46	\$12,797.60	\$12,350.86	\$3,107,418.67	\$2,192,604.32
144	7/1/2033	\$3,107,418.67	\$25,148.46	\$0.00	\$25,148.46	\$12,848.26	\$12,300.20	\$3,094,570.42	\$2,204,904.52
145	8/1/2033	\$3,094,570.42	\$25,148.46	\$0.00	\$25,148.46	\$12,899.11	\$12,249.34	\$3,081,671.30	\$2,217,153.86
146	9/1/2033	\$3,081,671.30	\$25,148.46	\$0.00	\$25,148.46	\$12,950.17	\$12,198.28	\$3,068,721.13	\$2,229,352.14
147	10/1/2033	\$3,068,721.13	\$25,148.46	\$0.00	\$25,148.46	\$13,001.43	\$12,147.02	\$3,055,719.70	\$2,241,499.16
148	11/1/2033	\$3,055,719.70	\$25,148.46	\$0.00	\$25,148.46	\$13,052.90	\$12,095.56	\$3,042,666.80	\$2,253,594.72
149	12/1/2033	\$3,042,666.80	\$25,148.46	\$0.00	\$25,148.46	\$13,104.57	\$12,043.89	\$3,029,562.23	\$2,265,638.61
150	1/1/2034	\$3,029,562.23	\$25,148.46	\$0.00	\$25,148.46	\$13,156.44	\$11,992.02	\$3,016,405.79	\$2,277,630.63
151	2/1/2034	\$3,016,405.79	\$25,148.46	\$0.00	\$25,148.46	\$13,208.52	\$11,939.94	\$3,003,197.28	\$2,289,570.57
152	3/1/2034	\$3,003,197.28	\$25,148.46	\$0.00	\$25,148.46	\$13,260.80	\$11,887.66	\$2,989,936.48	\$2,301,458.22
153	4/1/2034	\$2,989,936.48	\$25,148.46	\$0.00	\$25,148.46	\$13,313.29	\$11,835.17	\$2,976,623.19	\$2,313,293.39
154	5/1/2034	\$2,976,623.19	\$25,148.46	\$0.00	\$25,148.46	\$13,365.99	\$11,782.47	\$2,963,257.20	\$2,325,075.85
155	6/1/2034	\$2,963,257.20	\$25,148.46	\$0.00	\$25,148.46	\$13,418.90	\$11,729.56	\$2,949,838.30	\$2,336,805.41
156	7/1/2034	\$2,949,838.30	\$25,148.46	\$0.00	\$25,148.46	\$13,472.01	\$11,676.44	\$2,936,366.29	\$2,348,481.86
157	8/1/2034	\$2,936,366.29	\$25,148.46	\$0.00	\$25,148.46	\$13,525.34	\$11,623.12	\$2,922,840.95	\$2,360,104.97
158	9/1/2034	\$2,922,840.95	\$25,148.46	\$0.00	\$25,148.46	\$13,578.88	\$11,569.58	\$2,909,262.08	\$2,371,674.55
159	10/1/2034	\$2,909,262.08	\$25,148.46	\$0.00	\$25,148.46	\$13,632.63	\$11,515.83	\$2,895,629.45	\$2,383,190.38
160	11/1/2034	\$2,895,629.45	\$25,148.46	\$0.00	\$25,148.46	\$13,686.59	\$11,461.87	\$2,881,942.86	\$2,394,652.25
161	12/1/2034	\$2,881,942.86	\$25,148.46	\$0.00	\$25,148.46	\$13,740.76	\$11,407.69	\$2,868,202.10	\$2,406,059.94
162	1/1/2035	\$2,868,202.10	\$25,148.46	\$0.00	\$25,148.46	\$13,795.16	\$11,353.30	\$2,854,406.94	\$2,417,413.24
163	2/1/2035	\$2,854,406.94	\$25,148.46	\$0.00	\$25,148.46	\$13,849.76	\$11,298.69	\$2,840,557.18	\$2,428,711.93
164	3/1/2035	\$2,840,557.18	\$25,148.46	\$0.00	\$25,148.46	\$13,904.58	\$11,243.87	\$2,826,652.60	\$2,439,955.80
165	4/1/2035	\$2,826,652.60	\$25,148.46	\$0.00	\$25,148.46	\$13,959.62	\$11,188.83	\$2,812,692.97	\$2,451,144.64
166	5/1/2035	\$2,812,692.97	\$25,148.46	\$0.00	\$25,148.46	\$14,014.88	\$11,133.58	\$2,798,678.09	\$2,462,278.21
167	6/1/2035	\$2,798,678.09	\$25,148.46	\$0.00	\$25,148.46	\$14,070.35	\$11,078.10	\$2,784,607.74	\$2,473,356.31
168	7/1/2035	\$2,784,607.74	\$25,148.46	\$0.00	\$25,148.46	\$14,126.05	\$11,022.41	\$2,770,481.69	\$2,484,378.72
169	8/1/2035	\$2,770,481.69	\$25,148.46	\$0.00	\$25,148.46	\$14,181.97	\$10,966.49	\$2,756,299.72	\$2,495,345.21
170	9/1/2035	\$2,756,299.72	\$25,148.46	\$0.00	\$25,148.46	\$14,238.10	\$10,910.35	\$2,742,061.62	\$2,506,255.56
171	10/1/2035	\$2,742,061.62	\$25,148.46	\$0.00	\$25,148.46	\$14,294.46	\$10,853.99	\$2,727,767.16	\$2,517,109.56
172	11/1/2035	\$2,727,767.16	\$25,148.46	\$0.00	\$25,148.46	\$14,351.04	\$10,797.41	\$2,713,416.12	\$2,527,906.97
173	12/1/2035	\$2,713,416.12	\$25,148.46	\$0.00	\$25,148.46	\$14,407.85	\$10,740.61	\$2,699,008.27	\$2,538,647.57

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
174	1/1/2036	\$2,699,008.27	\$25,148.46	\$0.00	\$25,148.46	\$14,464.88	\$10,683.57	\$2,684,543.38	\$2,549,331.15
175	2/1/2036	\$2,684,543.38	\$25,148.46	\$0.00	\$25,148.46	\$14,522.14	\$10,626.32	\$2,670,021.25	\$2,559,957.47
176	3/1/2036	\$2,670,021.25	\$25,148.46	\$0.00	\$25,148.46	\$14,579.62	\$10,568.83	\$2,655,441.63	\$2,570,526.30
177	4/1/2036	\$2,655,441.63	\$25,148.46	\$0.00	\$25,148.46	\$14,637.33	\$10,511.12	\$2,640,804.29	\$2,581,037.42
178	5/1/2036	\$2,640,804.29	\$25,148.46	\$0.00	\$25,148.46	\$14,695.27	\$10,453.18	\$2,626,109.02	\$2,591,490.61
179	6/1/2036	\$2,626,109.02	\$25,148.46	\$0.00	\$25,148.46	\$14,753.44	\$10,395.01	\$2,611,355.58	\$2,601,885.62
180	7/1/2036	\$2,611,355.58	\$25,148.46	\$0.00	\$25,148.46	\$14,811.84	\$10,336.62	\$2,596,543.74	\$2,612,222.24
181	8/1/2036	\$2,596,543.74	\$25,148.46	\$0.00	\$25,148.46	\$14,870.47	\$10,277.99	\$2,581,673.27	\$2,622,500.22
182	9/1/2036	\$2,581,673.27	\$25,148.46	\$0.00	\$25,148.46	\$14,929.33	\$10,219.12	\$2,566,743.94	\$2,632,719.35
183	10/1/2036	\$2,566,743.94	\$25,148.46	\$0.00	\$25,148.46	\$14,988.43	\$10,160.03	\$2,551,755.51	\$2,642,879.37
184	11/1/2036	\$2,551,755.51	\$25,148.46	\$0.00	\$25,148.46	\$15,047.76	\$10,100.70	\$2,536,707.76	\$2,652,980.07
185	12/1/2036	\$2,536,707.76	\$25,148.46	\$0.00	\$25,148.46	\$15,107.32	\$10,041.13	\$2,521,600.43	\$2,663,021.21
186	1/1/2037	\$2,521,600.43	\$25,148.46	\$0.00	\$25,148.46	\$15,167.12	\$9,981.34	\$2,506,433.31	\$2,673,002.54
187	2/1/2037	\$2,506,433.31	\$25,148.46	\$0.00	\$25,148.46	\$15,227.16	\$9,921.30	\$2,491,206.16	\$2,682,923.84
188	3/1/2037	\$2,491,206.16	\$25,148.46	\$0.00	\$25,148.46	\$15,287.43	\$9,861.02	\$2,475,918.73	\$2,692,784.87
189	4/1/2037	\$2,475,918.73	\$25,148.46	\$0.00	\$25,148.46	\$15,347.94	\$9,800.51	\$2,460,570.78	\$2,702,585.38
190	5/1/2037	\$2,460,570.78	\$25,148.46	\$0.00	\$25,148.46	\$15,408.70	\$9,739.76	\$2,445,162.09	\$2,712,325.14
191	6/1/2037	\$2,445,162.09	\$25,148.46	\$0.00	\$25,148.46	\$15,469.69	\$9,678.77	\$2,429,692.40	\$2,722,003.90
192	7/1/2037	\$2,429,692.40	\$25,148.46	\$0.00	\$25,148.46	\$15,530.92	\$9,617.53	\$2,414,161.47	\$2,731,621.44
193	8/1/2037	\$2,414,161.47	\$25,148.46	\$0.00	\$25,148.46	\$15,592.40	\$9,556.06	\$2,398,569.07	\$2,741,177.49
194	9/1/2037	\$2,398,569.07	\$25,148.46	\$0.00	\$25,148.46	\$15,654.12	\$9,494.34	\$2,382,914.95	\$2,750,671.83
195	10/1/2037	\$2,382,914.95	\$25,148.46	\$0.00	\$25,148.46	\$15,716.08	\$9,432.37	\$2,367,198.87	\$2,760,104.20
196	11/1/2037	\$2,367,198.87	\$25,148.46	\$0.00	\$25,148.46	\$15,778.29	\$9,370.16	\$2,351,420.58	\$2,769,474.36
197	12/1/2037	\$2,351,420.58	\$25,148.46	\$0.00	\$25,148.46	\$15,840.75	\$9,307.71	\$2,335,579.83	\$2,778,782.07
198	1/1/2038	\$2,335,579.83	\$25,148.46	\$0.00	\$25,148.46	\$15,903.45	\$9,245.00	\$2,319,676.38	\$2,788,027.07
199	2/1/2038	\$2,319,676.38	\$25,148.46	\$0.00	\$25,148.46	\$15,966.40	\$9,182.05	\$2,303,709.97	\$2,797,209.12
200	3/1/2038	\$2,303,709.97	\$25,148.46	\$0.00	\$25,148.46	\$16,029.60	\$9,118.85	\$2,287,680.37	\$2,806,327.98
201	4/1/2038	\$2,287,680.37	\$25,148.46	\$0.00	\$25,148.46	\$16,093.05	\$9,055.40	\$2,271,587.32	\$2,815,383.38
202	5/1/2038	\$2,271,587.32	\$25,148.46	\$0.00	\$25,148.46	\$16,156.76	\$8,991.70	\$2,255,430.56	\$2,824,375.08
203	6/1/2038	\$2,255,430.56	\$25,148.46	\$0.00	\$25,148.46	\$16,220.71	\$8,927.75	\$2,239,209.85	\$2,833,302.82
204	7/1/2038	\$2,239,209.85	\$25,148.46	\$0.00	\$25,148.46	\$16,284.92	\$8,863.54	\$2,222,924.93	\$2,842,166.36
205	8/1/2038	\$2,222,924.93	\$25,148.46	\$0.00	\$25,148.46	\$16,349.38	\$8,799.08	\$2,206,575.56	\$2,850,965.44
206	9/1/2038	\$2,206,575.56	\$25,148.46	\$0.00	\$25,148.46	\$16,414.09	\$8,734.36	\$2,190,161.46	\$2,859,699.80
207	10/1/2038	\$2,190,161.46	\$25,148.46	\$0.00	\$25,148.46	\$16,479.07	\$8,669.39	\$2,173,682.40	\$2,868,369.19
208	11/1/2038	\$2,173,682.40	\$25,148.46	\$0.00	\$25,148.46	\$16,544.30	\$8,604.16	\$2,157,138.10	\$2,876,973.35
209	12/1/2038	\$2,157,138.10	\$25,148.46	\$0.00	\$25,148.46	\$16,609.78	\$8,538.67	\$2,140,528.32	\$2,885,512.02
210	1/1/2039	\$2,140,528.32	\$25,148.46	\$0.00	\$25,148.46	\$16,675.53	\$8,472.92	\$2,123,852.79	\$2,893,984.95
211	2/1/2039	\$2,123,852.79	\$25,148.46	\$0.00	\$25,148.46	\$16,741.54	\$8,406.92	\$2,107,111.25	\$2,902,391.86
212	3/1/2039	\$2,107,111.25	\$25,148.46	\$0.00	\$25,148.46	\$16,807.81	\$8,340.65	\$2,090,303.44	\$2,910,732.51
213	4/1/2039	\$2,090,303.44	\$25,148.46	\$0.00	\$25,148.46	\$16,874.34	\$8,274.12	\$2,073,429.10	\$2,919,006.63
214	5/1/2039	\$2,073,429.10	\$25,148.46	\$0.00	\$25,148.46	\$16,941.13	\$8,207.32	\$2,056,487.97	\$2,927,213.95
215	6/1/2039	\$2,056,487.97	\$25,148.46	\$0.00	\$25,148.46	\$17,008.19	\$8,140.26	\$2,039,479.78	\$2,935,354.22
216	7/1/2039	\$2,039,479.78	\$25,148.46	\$0.00	\$25,148.46	\$17,075.51	\$8,072.94	\$2,022,404.27	\$2,943,427.16
217	8/1/2039	\$2,022,404.27	\$25,148.46	\$0.00	\$25,148.46	\$17,143.11	\$8,005.35	\$2,005,261.16	\$2,951,432.51
218	9/1/2039	\$2,005,261.16	\$25,148.46	\$0.00	\$25,148.46	\$17,210.96	\$7,937.49	\$1,988,050.20	\$2,959,370.00
219	10/1/2039	\$1,988,050.20	\$25,148.46	\$0.00	\$25,148.46	\$17,279.09	\$7,869.37	\$1,970,771.11	\$2,967,239.37

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
220	11/1/2039	\$1,970,771.11	\$25,148.46	\$0.00	\$25,148.46	\$17,347.49	\$7,800.97	\$1,953,423.62	\$2,975,040.34
221	12/1/2039	\$1,953,423.62	\$25,148.46	\$0.00	\$25,148.46	\$17,416.15	\$7,732.30	\$1,936,007.47	\$2,982,772.64
222	1/1/2040	\$1,936,007.47	\$25,148.46	\$0.00	\$25,148.46	\$17,485.09	\$7,663.36	\$1,918,522.37	\$2,990,436.00
223	2/1/2040	\$1,918,522.37	\$25,148.46	\$0.00	\$25,148.46	\$17,554.30	\$7,594.15	\$1,900,968.07	\$2,998,030.15
224	3/1/2040	\$1,900,968.07	\$25,148.46	\$0.00	\$25,148.46	\$17,623.79	\$7,524.67	\$1,883,344.28	\$3,005,554.82
225	4/1/2040	\$1,883,344.28	\$25,148.46	\$0.00	\$25,148.46	\$17,693.55	\$7,454.90	\$1,865,650.73	\$3,013,009.72
226	5/1/2040	\$1,865,650.73	\$25,148.46	\$0.00	\$25,148.46	\$17,763.59	\$7,384.87	\$1,847,887.14	\$3,020,394.59
227	6/1/2040	\$1,847,887.14	\$25,148.46	\$0.00	\$25,148.46	\$17,833.90	\$7,314.55	\$1,830,053.24	\$3,027,709.14
228	7/1/2040	\$1,830,053.24	\$25,148.46	\$0.00	\$25,148.46	\$17,904.49	\$7,243.96	\$1,812,148.74	\$3,034,953.10
229	8/1/2040	\$1,812,148.74	\$25,148.46	\$0.00	\$25,148.46	\$17,975.37	\$7,173.09	\$1,794,173.38	\$3,042,126.19
230	9/1/2040	\$1,794,173.38	\$25,148.46	\$0.00	\$25,148.46	\$18,046.52	\$7,101.94	\$1,776,126.86	\$3,049,228.13
231	10/1/2040	\$1,776,126.86	\$25,148.46	\$0.00	\$25,148.46	\$18,117.95	\$7,030.50	\$1,758,008.90	\$3,056,258.63
232	11/1/2040	\$1,758,008.90	\$25,148.46	\$0.00	\$25,148.46	\$18,189.67	\$6,958.79	\$1,739,819.23	\$3,063,217.42
233	12/1/2040	\$1,739,819.23	\$25,148.46	\$0.00	\$25,148.46	\$18,261.67	\$6,886.78	\$1,721,557.56	\$3,070,104.20
234	1/1/2041	\$1,721,557.56	\$25,148.46	\$0.00	\$25,148.46	\$18,333.96	\$6,814.50	\$1,703,223.61	\$3,076,918.70
235	2/1/2041	\$1,703,223.61	\$25,148.46	\$0.00	\$25,148.46	\$18,406.53	\$6,741.93	\$1,684,817.08	\$3,083,660.63
236	3/1/2041	\$1,684,817.08	\$25,148.46	\$0.00	\$25,148.46	\$18,479.39	\$6,669.07	\$1,666,337.69	\$3,090,329.69
237	4/1/2041	\$1,666,337.69	\$25,148.46	\$0.00	\$25,148.46	\$18,552.54	\$6,595.92	\$1,647,785.15	\$3,096,925.61
238	5/1/2041	\$1,647,785.15	\$25,148.46	\$0.00	\$25,148.46	\$18,625.97	\$6,522.48	\$1,629,159.18	\$3,103,448.10
239	6/1/2041	\$1,629,159.18	\$25,148.46	\$0.00	\$25,148.46	\$18,699.70	\$6,448.76	\$1,610,459.48	\$3,109,896.85
240	7/1/2041	\$1,610,459.48	\$25,148.46	\$0.00	\$25,148.46	\$18,773.72	\$6,374.74	\$1,591,685.76	\$3,116,271.59
241	8/1/2041	\$1,591,685.76	\$25,148.46	\$0.00	\$25,148.46	\$18,848.03	\$6,300.42	\$1,572,837.73	\$3,122,572.01
242	9/1/2041	\$1,572,837.73	\$25,148.46	\$0.00	\$25,148.46	\$18,922.64	\$6,225.82	\$1,553,915.09	\$3,128,797.83
243	10/1/2041	\$1,553,915.09	\$25,148.46	\$0.00	\$25,148.46	\$18,997.54	\$6,150.91	\$1,534,917.55	\$3,134,948.74
244	11/1/2041	\$1,534,917.55	\$25,148.46	\$0.00	\$25,148.46	\$19,072.74	\$6,075.72	\$1,515,844.81	\$3,141,024.45
245	12/1/2041	\$1,515,844.81	\$25,148.46	\$0.00	\$25,148.46	\$19,148.24	\$6,000.22	\$1,496,696.57	\$3,147,024.67
246	1/1/2042	\$1,496,696.57	\$25,148.46	\$0.00	\$25,148.46	\$19,224.03	\$5,924.42	\$1,477,472.54	\$3,152,949.10
247	2/1/2042	\$1,477,472.54	\$25,148.46	\$0.00	\$25,148.46	\$19,300.13	\$5,848.33	\$1,458,172.41	\$3,158,797.43
248	3/1/2042	\$1,458,172.41	\$25,148.46	\$0.00	\$25,148.46	\$19,376.52	\$5,771.93	\$1,438,795.89	\$3,164,569.36
249	4/1/2042	\$1,438,795.89	\$25,148.46	\$0.00	\$25,148.46	\$19,453.22	\$5,695.23	\$1,419,342.67	\$3,170,264.59
250	5/1/2042	\$1,419,342.67	\$25,148.46	\$0.00	\$25,148.46	\$19,530.22	\$5,618.23	\$1,399,812.44	\$3,175,882.82
251	6/1/2042	\$1,399,812.44	\$25,148.46	\$0.00	\$25,148.46	\$19,607.53	\$5,540.92	\$1,380,204.91	\$3,181,423.75
252	7/1/2042	\$1,380,204.91	\$25,148.46	\$0.00	\$25,148.46	\$19,685.14	\$5,463.31	\$1,360,519.77	\$3,186,887.06
253	8/1/2042	\$1,360,519.77	\$25,148.46	\$0.00	\$25,148.46	\$19,763.06	\$5,385.39	\$1,340,756.70	\$3,192,272.45
254	9/1/2042	\$1,340,756.70	\$25,148.46	\$0.00	\$25,148.46	\$19,841.29	\$5,307.16	\$1,320,915.41	\$3,197,579.61
255	10/1/2042	\$1,320,915.41	\$25,148.46	\$0.00	\$25,148.46	\$19,919.83	\$5,228.62	\$1,300,995.58	\$3,202,808.24
256	11/1/2042	\$1,300,995.58	\$25,148.46	\$0.00	\$25,148.46	\$19,998.68	\$5,149.77	\$1,280,996.90	\$3,207,958.01
257	12/1/2042	\$1,280,996.90	\$25,148.46	\$0.00	\$25,148.46	\$20,077.84	\$5,070.61	\$1,260,919.05	\$3,213,028.62
258	1/1/2043	\$1,260,919.05	\$25,148.46	\$0.00	\$25,148.46	\$20,157.32	\$4,991.14	\$1,240,761.74	\$3,218,019.76
259	2/1/2043	\$1,240,761.74	\$25,148.46	\$0.00	\$25,148.46	\$20,237.11	\$4,911.35	\$1,220,524.63	\$3,222,931.11
260	3/1/2043	\$1,220,524.63	\$25,148.46	\$0.00	\$25,148.46	\$20,317.21	\$4,831.24	\$1,200,207.42	\$3,227,762.35
261	4/1/2043	\$1,200,207.42	\$25,148.46	\$0.00	\$25,148.46	\$20,397.63	\$4,750.82	\$1,179,809.78	\$3,232,513.17
262	5/1/2043	\$1,179,809.78	\$25,148.46	\$0.00	\$25,148.46	\$20,478.38	\$4,670.08	\$1,159,331.41	\$3,237,183.25
263	6/1/2043	\$1,159,331.41	\$25,148.46	\$0.00	\$25,148.46	\$20,559.44	\$4,589.02	\$1,138,771.97	\$3,241,772.27
264	7/1/2043	\$1,138,771.97	\$25,148.46	\$0.00	\$25,148.46	\$20,640.82	\$4,507.64	\$1,118,131.16	\$3,246,279.91
265	8/1/2043	\$1,118,131.16	\$25,148.46	\$0.00	\$25,148.46	\$20,722.52	\$4,425.94	\$1,097,408.64	\$3,250,705.85

PMT NO	PAYMENT DATE	BEGINNING BALANCE	SCHEDULED PAYMENT	EXTRA PAYMENT	TOTAL PAYMENT	PRINCIPAL	INTEREST	ENDING BALANCE	CUMULATIVE INTEREST
266	9/1/2043	\$1,097,408.64	\$25,148.46	\$0.00	\$25,148.46	\$20,804.55	\$4,343.91	\$1,076,604.09	\$3,255,049.76
267	10/1/2043	\$1,076,604.09	\$25,148.46	\$0.00	\$25,148.46	\$20,886.90	\$4,261.56	\$1,055,717.19	\$3,259,311.32
268	11/1/2043	\$1,055,717.19	\$25,148.46	\$0.00	\$25,148.46	\$20,969.57	\$4,178.88	\$1,034,747.62	\$3,263,490.20
269	12/1/2043	\$1,034,747.62	\$25,148.46	\$0.00	\$25,148.46	\$21,052.58	\$4,095.88	\$1,013,695.04	\$3,267,586.07
270	1/1/2044	\$1,013,695.04	\$25,148.46	\$0.00	\$25,148.46	\$21,135.91	\$4,012.54	\$992,559.13	\$3,271,598.62
271	2/1/2044	\$992,559.13	\$25,148.46	\$0.00	\$25,148.46	\$21,219.58	\$3,928.88	\$971,339.55	\$3,275,527.50
272	3/1/2044	\$971,339.55	\$25,148.46	\$0.00	\$25,148.46	\$21,303.57	\$3,844.89	\$950,035.98	\$3,279,372.38
273	4/1/2044	\$950,035.98	\$25,148.46	\$0.00	\$25,148.46	\$21,387.90	\$3,760.56	\$928,648.08	\$3,283,132.94
274	5/1/2044	\$928,648.08	\$25,148.46	\$0.00	\$25,148.46	\$21,472.56	\$3,675.90	\$907,175.53	\$3,286,808.84
275	6/1/2044	\$907,175.53	\$25,148.46	\$0.00	\$25,148.46	\$21,557.55	\$3,590.90	\$885,617.97	\$3,290,399.74
276	7/1/2044	\$885,617.97	\$25,148.46	\$0.00	\$25,148.46	\$21,642.88	\$3,505.57	\$863,975.09	\$3,293,905.31
277	8/1/2044	\$863,975.09	\$25,148.46	\$0.00	\$25,148.46	\$21,728.55	\$3,419.90	\$842,246.54	\$3,297,325.21
278	9/1/2044	\$842,246.54	\$25,148.46	\$0.00	\$25,148.46	\$21,814.56	\$3,333.89	\$820,431.97	\$3,300,659.11
279	10/1/2044	\$820,431.97	\$25,148.46	\$0.00	\$25,148.46	\$21,900.91	\$3,247.54	\$798,531.06	\$3,303,906.65
280	11/1/2044	\$798,531.06	\$25,148.46	\$0.00	\$25,148.46	\$21,987.60	\$3,160.85	\$776,543.46	\$3,307,067.50
281	12/1/2044	\$776,543.46	\$25,148.46	\$0.00	\$25,148.46	\$22,074.64	\$3,073.82	\$754,468.82	\$3,310,141.32
282	1/1/2045	\$754,468.82	\$25,148.46	\$0.00	\$25,148.46	\$22,162.02	\$2,986.44	\$732,306.80	\$3,313,127.76
283	2/1/2045	\$732,306.80	\$25,148.46	\$0.00	\$25,148.46	\$22,249.74	\$2,898.71	\$710,057.06	\$3,316,026.47
284	3/1/2045	\$710,057.06	\$25,148.46	\$0.00	\$25,148.46	\$22,337.81	\$2,810.64	\$687,719.25	\$3,318,837.12
285	4/1/2045	\$687,719.25	\$25,148.46	\$0.00	\$25,148.46	\$22,426.23	\$2,722.22	\$665,293.02	\$3,321,559.34
286	5/1/2045	\$665,293.02	\$25,148.46	\$0.00	\$25,148.46	\$22,515.00	\$2,633.45	\$642,778.01	\$3,324,192.79
287	6/1/2045	\$642,778.01	\$25,148.46	\$0.00	\$25,148.46	\$22,604.13	\$2,544.33	\$620,173.89	\$3,326,737.12
288	7/1/2045	\$620,173.89	\$25,148.46	\$0.00	\$25,148.46	\$22,693.60	\$2,454.85	\$597,480.29	\$3,329,191.97
289	8/1/2045	\$597,480.29	\$25,148.46	\$0.00	\$25,148.46	\$22,783.43	\$2,365.03	\$574,696.86	\$3,331,557.00
290	9/1/2045	\$574,696.86	\$25,148.46	\$0.00	\$25,148.46	\$22,873.61	\$2,274.84	\$551,823.24	\$3,333,831.84
291	10/1/2045	\$551,823.24	\$25,148.46	\$0.00	\$25,148.46	\$22,964.16	\$2,184.30	\$528,859.09	\$3,336,016.14
292	11/1/2045	\$528,859.09	\$25,148.46	\$0.00	\$25,148.46	\$23,055.05	\$2,093.40	\$505,804.03	\$3,338,109.54
293	12/1/2045	\$505,804.03	\$25,148.46	\$0.00	\$25,148.46	\$23,146.31	\$2,002.14	\$482,657.72	\$3,340,111.68
294	1/1/2046	\$482,657.72	\$25,148.46	\$0.00	\$25,148.46	\$23,237.94	\$1,910.52	\$459,419.78	\$3,342,022.20
295	2/1/2046	\$459,419.78	\$25,148.46	\$0.00	\$25,148.46	\$23,329.92	\$1,818.54	\$436,089.86	\$3,343,840.74
296	3/1/2046	\$436,089.86	\$25,148.46	\$0.00	\$25,148.46	\$23,422.27	\$1,726.19	\$412,667.60	\$3,345,566.93
297	4/1/2046	\$412,667.60	\$25,148.46	\$0.00	\$25,148.46	\$23,514.98	\$1,633.48	\$389,152.62	\$3,347,200.41
298	5/1/2046	\$389,152.62	\$25,148.46	\$0.00	\$25,148.46	\$23,608.06	\$1,540.40	\$365,544.56	\$3,348,740.80
299	6/1/2046	\$365,544.56	\$25,148.46	\$0.00	\$25,148.46	\$23,701.51	\$1,446.95	\$341,843.05	\$3,350,187.75
300	7/1/2046	\$341,843.05	\$25,148.46	\$0.00	\$25,148.46	\$23,795.33	\$1,353.13	\$318,047.72	\$3,351,540.88

CANAL ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2019

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3 - 4
Statement of Activities	5
Statement of Functional Expense	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Canal Alliance
San Rafael, California

We have audited the accompanying financial statements of Canal Alliance (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2019, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canal Alliance as of June 30, 2019, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Canal Alliance's financial statements for the year ended June 30, 2018, and we expressed an unmodified audit opinion on those audited financial statements in our report dated November 15, 2018. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

January 28, 2020
Santa Rosa, CA

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(with summarized comparative totals for June 30, 2018)

	2019	2018
ASSETS		
Current assets:		
Cash	\$ 2,010,488	\$ 2,283,837
Short term investments	-	50,490
Grants and contracts receivable	1,635,138	1,362,810
Accounts and other receivables	100,280	2,430
Prepaid expenses and other assets	24,354	56,921
Total current assets	3,770,260	3,756,488
Fixed assets:		
Land	463,735	463,735
Buildings and improvements	1,747,612	1,397,798
Furniture and equipment	435,523	415,523
Leasehold improvements	394,165	173,866
Subtotal	3,041,035	2,450,922
Work in process	-	174,955
Less accumulated depreciation	(1,443,400)	(1,375,039)
Net fixed assets	1,597,635	1,250,838
Other assets:		
Beneficial interest in assets held by Marin Community Foundation	88,439	85,871
Long term receivable	75,000	750,000
Deposits	3,450	2,850
Total other assets	166,889	838,721
Total assets	\$ 5,534,784	\$ 5,846,047

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019
(with summarized comparative totals for June 30, 2018)

	2019	2018
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 130,605	\$ 40,038
Accrued compensation	109,608	93,720
Security deposits	13,908	8,508
Current portion of long term debt	22,299	18,646
Total current liabilities	276,420	160,912
Long-term debt, net of current portion	1,159,915	1,183,978
Total liabilities	1,436,335	1,344,890
Net assets:		
Without donor restriction	1,818,285	1,523,370
With donor restriction		
Temporarily restricted	2,219,164	2,916,787
Permanently restricted	61,000	61,000
Total net assets	4,098,449	4,501,157
Total liabilities and net assets	\$ 5,534,784	\$ 5,846,047

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative totals for the year ended June 30, 2018)

	Without donor restriction	With donor restriction		2019 Total	2018 Total
		Temporary	Permanent		
SUPPORT AND REVENUE:					
Grants and awards	\$ 703,357	\$ 2,077,020		\$ 2,780,377	\$ 3,215,532
In-kind contributions	958,625	-		958,625	1,044,617
Contributions	866,868	-		866,868	1,284,973
Government contracts	854,785	-		854,785	758,159
Program fees	68,065	-		68,065	105,166
Housing rental fees	179,000	-		179,000	164,835
Interest and other income	4,328	-		4,328	5,916
Net assets released from restriction	2,774,643	(2,774,643)		-	-
Total support and revenue	<u>6,409,671</u>	<u>(697,623)</u>		<u>5,712,048</u>	<u>6,579,198</u>
EXPENSES:					
Program:					
Social Services	1,889,178			1,889,178	1,766,858
Adult Education	321,134			321,134	427,148
Children and youth services	901,913			901,913	771,934
Immigration	1,153,094			1,153,094	940,364
Canal housing	209,597			209,597	197,931
Total program services	<u>4,474,916</u>			<u>4,474,916</u>	<u>4,104,235</u>
Supporting services:					
Management and general	1,057,248			1,057,248	814,811
Fundraising	582,592			582,592	492,920
Total supporting services	<u>1,639,840</u>			<u>1,639,840</u>	<u>1,307,731</u>
Total expenses	<u>6,114,756</u>			<u>6,114,756</u>	<u>5,411,966</u>
CHANGE IN NET ASSETS	<u>294,915</u>	<u>(697,623)</u>		<u>(402,708)</u>	<u>1,167,232</u>
NET ASSETS, BEGINNING	<u>1,523,370</u>	<u>2,916,787</u>	<u>\$ 61,000</u>	<u>4,501,157</u>	<u>3,333,925</u>
NET ASSETS, ENDING	<u>\$ 1,818,285</u>	<u>\$ 2,219,164</u>	<u>\$ 61,000</u>	<u>\$ 4,098,449</u>	<u>\$ 4,501,157</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative totals for the year ended June 30, 2018)

	Social Services	Adult Education	Children and Youth Services	Immigration	Canal Housing	Total Program Expense	Management and General	Fundraising	Shared costs	2019 Total	2018 Total
Salaries and benefits	\$ 504,466	\$ 138,368	\$ 552,121	\$ 637,947	\$ 18,206	\$ 1,851,108	\$ 706,348	\$428,210	\$ 220,289	\$ 3,205,955	\$ 2,885,035
Direct assistance (In-kind)	898,484	-	42,663	16,165	-	957,312	1,313.00	-	-	958,625	1,044,617
Client support	29,000	150.00	573	54,692	-	84,415	-	-	-	84,415	111,313
Occupancy	56,225	27,261	124,377	52,602	3,490	263,955	40,891	42,595	(33,100)	314,341	317,156
Professional & contract services	193,771	56,401	1,692	156,848	1,279	409,991	98,650	593	16,223	525,457	393,835
Scholarships	-	-	48,425	-	-	48,425	-	-	-	48,425	46,525
Staff development & travel	8,006	505	7,622	14,762	2,813	33,708	5,943	5,191	4,046	48,888	87,404
Dues, fees and charges	-	196	829	5,266	60,150	66,441	15,693	3,883	611	86,628	105,483
Program books, equipment & supplies	14,013	25,508	3,773	12,505	2,480	58,279	667	2,092	1,628	62,666	31,597
Program costs	2,195	1,433	2,989	1,881	-	8,498	1,725	-	-	10,223	4,490
Stipends	31,290	-	-	-	-	31,290	-	-	-	31,290	29,893
Equipment leases & maintenance	-	-	-	2,090	16,483	18,573	-	-	50,556	69,129	16,177
Interest expense	-	-	-	-	49,477	49,477	-	-	-	49,477	35,158
Supplies & equipment	221	1,155	239	2,854	553	5,022	2,266	720	39,251	47,259	164,363
Insurance	-	165	-	8,301	5,697	14,163	11,448	-	-	25,611	22,953
Advertising	-	-	-	-	-	-	2,041	60	5,207	7,308	615
Postage & printing	528	302	860	10,084	9	11,783	344	11,133	11,929	35,189	42,140
Operating costs	95,889	49,290	77,500	112,072	4,163	338,914	119,944	56,240	(217,758)	297,340	-
Technical support	55,090	20,400	38,250	65,025	2,550	181,315	49,975	31,875	(124,996)	138,169	-
Subtotal	1,889,178	321,134	901,913	1,153,094	167,350	4,432,669	1,057,248	582,592	(26,114)	6,046,395	5,338,754
Depreciation	-	-	-	-	42,247	42,247	-	-	26,114	68,361	73,212
Total expenses	<u>\$ 1,889,178</u>	<u>\$ 321,134</u>	<u>\$ 901,913</u>	<u>\$ 1,153,094</u>	<u>\$ 209,597</u>	<u>\$ 4,474,916</u>	<u>\$1,057,248</u>	<u>\$582,592</u>	<u>\$ -</u>	<u>\$ 6,114,756</u>	<u>\$ 5,411,966</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2019
(with summarized comparative totals for the year ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (402,708)	\$ 1,167,232
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	68,361	71,860
Net unrealized gain on investments	50,490	(94)
(Increase) decrease in:		
Grants and contracts receivable	402,672	(908,900)
Accounts and other receivables	(97,850)	2,022
Prepaid expenses and other assets	31,967	(19,478)
Increase (decrease) in:		
Accounts payable and accrued expenses	90,567	(50,911)
Accrued compensation	15,888	12,093
Deferred revenue	5,400	(900)
Total cash provided by operations	<u>164,787</u>	<u>272,924</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant, property and equipment	(415,158)	(174,955)
Purchase of investments	(2,568)	(4,977)
Total cash used by investing	<u>(417,726)</u>	<u>(179,932)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	-	307,149
Principal payments on long-term debt	(20,410)	(22,132)
Total cash provided by financing	<u>(20,410)</u>	<u>285,017</u>
NET CHANGE IN CASH	(273,349)	378,009
CASH, beginning of year	<u>2,283,837</u>	<u>1,905,828</u>
CASH, end of year	<u>\$ 2,010,488</u>	<u>\$ 2,283,837</u>
Supplemental information:		
Cash paid for interest	<u>\$ 49,477</u>	<u>\$ 35,158</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 1 ORGANIZATION

Founded in 1982, Canal Alliance (Organization) has been the leading service provider and community advocate for Marin's extremely low-income Latino immigrant community for 35 years. Each year, the Organization collaborates with over 40 agencies and engages 500 volunteers to serve more than 4,000 individuals and families. The Organization was recognized in June 2017 as a California Nonprofit of the Year by the California State Assembly in partnership with the California Association of Nonprofits.

The Organization is located in, and primarily serves immigrants residing in, the Canal neighborhood of San Rafael, which is geographically isolated and densely populated with over 12,000 residents in a two-square mile radius. Most clients come from remote areas of Guatemala, El Salvador and Mexico, and have less than an elementary school education. While Spanish is the primary language for most, some speak native languages and are preliterate in Spanish.

The Organization believes that when extremely low-income immigrants acquire the right skills, they can overcome poverty and build a pathway to success as new Americans. The Organization's model has four integrated strategies aimed at removing the many barriers that Latino immigrants confront in attempting to access education, earning a living wage, and improving their financial security: Case Management, Behavioral Health, Immigration Legal Services, and Education.

Funding is provided principally by contributions, public and private grants and contracts and program fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Cash and Cash Equivalents – The Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk – The Organization maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the Organization held cash and cash equivalent balances in excess of federally insured limits. The amount in excess of the FDIC limit totaled \$1,759,698 from one institution at June 30, 2019.

Accounts receivable – Receivables are monies due from various sources for services performed the prior month. Allowances for non-payment of receivables are provided based on management’s estimates. Management believes receivables at June 30, 2019 will be fully collectible; accordingly, no allowance for uncollectible receivables is recorded.

Grants and contracts receivable – Grants and contracts receivables are monies that are outstanding from signed private grants and government contracts that have not been paid at year end. There is no bad debt allowance at June 30, 2019.

Investments – Investments are certificates of deposits and pooled investment funds and are reported at their fair values in the statement of financial position. The fair value of the certificates of deposits are based upon quoted prices in active markets (Level 1 measurements). The fair value of pooled investment funds is based upon quoted prices for similar securities in active markets (Level 3 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fair Value Measures – The Organization reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures, continued

The three level of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – 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, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Fixed Assets – The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to forty years.

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization’s status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and, therefore, no provision for income taxes has been provided in these financial statements. The Organization’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – The Organization's indirect allocation plan is calculated on the basis of both the square footage used by each program and/or department as well as the percentage of salaries within each business unit. The Organization captures all allocated costs for general & administrative expenses as well as all occupancy and technology costs in a "Shared" department that is completely allocated across the Organization on a monthly basis. The Organization does, however, treat technology and software costs that are relevant to only one program and/or department as direct costs within those business units.

Donated Services and Items – Some people have contributed amounts of time and inventory to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services and items, because no reliable basis exists for determining an appropriate valuation, with the exception for specialized services as allowed by generally accepted accounting principles.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2018, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2019 that are available for operations. The Organization's restrictions come from donor restricted funds based on time and program. The Organization's cash reserves ending balance was \$1.84 million. Of the reserves, \$1.54 million are kept in a money market sweep account that transfers all but \$250,000 to participating banks. Each partner bank will hold up to \$250,000, the FDIC limit for insurability. The reserves require a Board Executive Committee approval before any funds can be transferred.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 3 LIQUIDITY, continued

Financial assets at yearend	
Cash and cash equivalents	\$ 2,010,488
Accounts receivable	100,280
Grants receivable, short and long term	1,710,138
Investments	88,439
Less financial assets with donor restrictions	(2,219,164)
Less financial assets with permanent donor restrictions	(61,000)
Less board designated reserve funds	<u>(1,370,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 259,181</u>

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2019:

	Total	Level 1	Level 3
Pooled investment funds	\$ 88,439	-	\$ 88,439
Total	\$ 88,439	-	\$ 88,439

Investment earnings are as follows for the year ended June 30, 2019:

Investment gain	\$ 4,328
-----------------	----------

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY MARIN COMMUNITY FOUNDATION

Assets held by the Marin Community Foundation (Foundation) are essentially an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees (Trustees) the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The Trustees shall determine distributions to be made from assets of the Fund with the advice from the Organization.

The recommendations of the Organization are advisory only and not binding on the Trustees. The Trustees may authorize distributions consistent with the prevailing spending rule of the Foundation at such intervals as they shall deem appropriate after having considered the recommendations for the Organization. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by the Marin Community Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

Balance, beginning of year	\$ 84,111
Interest, dividends, unrealized gain	<u>4,328</u>
Balance at June 30, 2019	<u>\$ 88,439</u>

NOTE 6 ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at June 30, 2019 is \$107,913.

Sick leave benefits are accumulated for each qualified employee. Those employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are recorded as expenses in the period taken.

NOTE 7 LINE OF CREDIT

The Organization has a revolving line of credit for \$400,000 with Bank of Marin. The line of credit expires January 2020. As of June 30, 2019, there is no outstanding balance. Interest is payable at prime rate plus 1.5 percent, which was 4.25 percent at June 30, 2019. The line of credit is secured by substantially all assets of the Organization. There are non-financial covenants related to this line of credit with which the Organization must comply.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2019:

Collateral	Lender	Maturity Date	Interest Rate	Monthly Payment	Balance Due
N/A	Buckelew Programs	Upon 180 days written request	NA	NA	\$ 30,000
Novato St. Locations	Marin Community Foundation	July 2028	4%	\$ 5,702	\$ 1,152,214

Interest paid to Marin Community Foundation for the year ended June 30, 2019 is \$49,477.

Future maturities are as follows as of June 30:

2020	\$ 22,299
2021	23,209
2022	24,156
2023	25,142
2024	26,168
Thereafter	<u>1,031,240</u>
Total	<u>\$ 1,152,214</u>

NOTE 9 NET ASSETS WITHOUT DONOR RESTRICTION

Net assets without restriction at June 30, 2019 are as follows:

Net investment in fixed assets	\$ 1,597,635
Undesignated	<u>220,650</u>
Total	<u>\$ 1,818,285</u>

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 10 NET ASSETS WITH TEMPORARY DONOR RESTRICTION

Net assets with temporary donor restrictions at June 30, 2019 are as follows:

Administration	\$ 393,500
Family resources	442,500
Economic development	200,000
Children and youth services	260,000
Immigration	<u>923,164</u>
Total	<u>\$ 2,219,164</u>

NOTE 11 NET ASSETS WITH PERMANENT DONOR RESTRICTION

The Organization received donations which must be invested in perpetuity and remain permanently restricted. Only the earnings from the investment may be used at the Board's discretion. Any negative changes in the fair value of these funds must come out of the Organization's unrestricted or temporarily restricted funds, and would, therefore, not change the permanently restricted amount.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted California's enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair market value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 11 NET ASSETS WITH PERMANENT DONOR RESTRICTION, continued

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

During the year ended June 30, 2019, the Organization received gain of \$4,328 which had not been appropriated for expenditure.

Changes in the Beneficial Interest in Assets Held by Marin Community Foundation for the year ended June 30, 2019 are as follows:

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Beneficial interest, beginning	\$ 23,111	\$ -	\$ 61,000	\$ 84,111
Investment gain	<u>4,328</u>	<u>-</u>	<u>-</u>	<u>4,328</u>
Beneficial interest, June 30, 2018	<u>\$ 27,439</u>	<u>\$ -</u>	<u>\$ 61,000</u>	<u>\$ 88,439</u>

NOTE 12 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the other events specified by donors during the year ended June 30, 2019 as follows:

Family resources	\$ 496,000
Administration	649,000
Economic development	700,000
Immigration	637,143
Children and youth services	<u>292,500</u>
Total	<u>\$ 2,774,643</u>

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 13 RETIREMENT PLAN

The Organization has established a defined contribution retirement plan for eligible employees, sponsored by the Organization through Vanguard and American Funds. Employees are eligible if they are 21 years of age or older. All eligible employees may make voluntary contributions by salary reduction to the plan, up to the limit allowed by law. The Organization does not contribute to the plan.

NOTE 14 COMMITMENTS AND CONTINGENCIES

The Organization is obligated under a non-cancelable operating lease agreement for its facilities at 91 Larkspur Street and 130 Alto Street, San Rafael, California. The monthly lease payments range from \$17,926 to \$18,654 through the life of the lease. The lease expires in March 2021.

The Organization is also under contracts for rented office equipment. Monthly payments range from \$106 to \$841. The contracts expire at various times.

The following is a schedule of the minimum lease commitments for the years ending June 30:

2020	\$	222,183
2021		167,886

Rent expense and equipment lease expense for the year ended June 30, 2019 were \$271,867 and \$36,338, respectively.

The Organization signed a ten-year extension to the lease and the lease has been extended until March 2031.

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not apply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2019.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2019

NOTE 15 CHANGE IN ACCOUNTING PRINCIPLE

The financial statements have been changed to adopt ASU 2018-08, Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made. ASU 2018-08 includes specific criteria to consider when determining whether a contract or agreement should be accounted for as a contribution or as an exchange transaction. It also provides a framework for determining whether a contribution is conditional or unconditional which will impact the timing of revenue recognition. This change has been applied to both the current year and the prior year summarized information.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through January 28, 2020, the date the financial statements were available to be issued, and determined that there were no events occurring subsequent to June 30, 2019 that would have a material impact on the Organization's results of operations or financial position other than the renewal of the lease as seen in Note 14.

CANAL ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2020

TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3 - 4
Statement of Activities	5
Statement of Functional Expense	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Canal Alliance
San Rafael, California

We have audited the accompanying financial statements of Canal Alliance (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canal Alliance as of June 30, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Canal Alliance's financial statements for the year ended June 30, 2019, and we expressed an unmodified audit opinion on those audited financial statements in our report dated January 28, 2020. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

March 5, 2021
Santa Rosa, CA

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(with summarized comparative totals for June 30, 2019)

	2020	2019
ASSETS		
Current assets:		
Cash	\$ 4,900,399	\$ 2,010,488
Grants and contracts receivable	1,321,518	1,635,138
Accounts and other receivables	46,794	100,280
Prepaid expenses and other assets	98,806	24,354
Total current assets	6,367,517	3,770,260
Fixed assets:		
Land	463,735	463,735
Buildings and improvements	1,747,612	1,747,612
Furniture and equipment	139,508	435,523
Leasehold improvements	647,770	394,165
Subtotal	2,998,625	3,041,035
Work in process	80,867	-
Less accumulated depreciation	(1,282,982)	(1,443,400)
Net fixed assets	1,796,510	1,597,635
Other assets:		
Beneficial interest in assets held		
by Marin Community Foundation	88,423	88,439
Long term receivable	238,988	75,000
Deposits	3,450	3,450
Total other assets	330,861	166,889
Total assets	\$ 8,494,888	\$ 5,534,784

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2020
(with summarized comparative totals for June 30, 2019)

	2020	2019
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 78,797	\$ 130,605
Accrued compensation	167,001	109,608
Security deposits	10,708	13,908
Current portion of long term debt	234,139	22,299
Total current liabilities	490,645	276,420
Long-term debt, net of current portion	1,576,542	1,159,915
Total liabilities	2,067,187	1,436,335
Net assets:		
Without donor restriction	2,417,618	1,818,285
With donor restriction		
Temporarily restricted	3,949,083	2,219,164
Permanently restricted	61,000	61,000
Total net assets	6,427,701	4,098,449
Total liabilities and net assets	\$ 8,494,888	\$ 5,534,784

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative totals for the year ended June 30, 2019)

	Without donor restriction	With donor restriction		2020 Total	2019 Total
		Temporary	Permanent		
SUPPORT AND REVENUE:					
Grants and awards	\$ 1,228,525	\$ 3,168,669		\$ 4,397,194	\$ 2,780,377
In-kind contributions	953,693	-		953,693	958,625
Contributions	1,906,817	1,730,000		3,636,817	866,868
Government contracts	1,110,940	-		1,110,940	854,785
Program fees	44,041	-		44,041	68,065
Housing rental fees	215,984	-		215,984	179,000
Interest and other income	2,036	-		2,036	4,328
Net assets released from restriction	3,168,750	(3,168,750)		-	-
Total support and revenue	<u>8,630,786</u>	<u>1,729,919</u>		<u>10,360,705</u>	<u>5,712,048</u>
EXPENSES:					
Program:					
Social Services	3,325,752			3,325,752	1,889,178
Adult Education	571,370			571,370	321,134
Youth Services	898,040			898,040	901,913
Immigration	1,268,984			1,268,984	1,153,094
Canal Housing	219,818			219,818	209,597
Total program services	<u>6,283,964</u>			<u>6,283,964</u>	<u>4,474,916</u>
Supporting services:					
Management and general	1,073,772			1,073,772	1,057,248
Fundraising	673,717			673,717	582,592
Total supporting services	<u>1,747,489</u>			<u>1,747,489</u>	<u>1,639,840</u>
Total expenses	<u>8,031,453</u>			<u>8,031,453</u>	<u>6,114,756</u>
CHANGE IN NET ASSETS	<u>599,333</u>	<u>1,729,919</u>		<u>2,329,252</u>	<u>(402,708)</u>
NET ASSETS, BEGINNING	<u>1,818,285</u>	<u>2,219,164</u>	<u>\$ 61,000</u>	<u>4,098,449</u>	<u>4,501,157</u>
NET ASSETS, ENDING	<u>\$ 2,417,618</u>	<u>\$ 3,949,083</u>	<u>\$ 61,000</u>	<u>\$ 6,427,701</u>	<u>\$ 4,098,449</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative totals for the year ended June 30, 2019)

	Social Services	Adult Education	Youth Services	Immigration	Canal Housing	Total Program Expense	Management and General	Fundraising	Shared costs	2020 Total	2019 Total
Salaries and benefits	\$ 655,794	\$ 364,236	\$ 502,093	\$ 794,546	\$ 6,457	\$ 2,323,126	\$ 773,909	\$ 480,745	\$ 384,877	\$ 3,962,657	\$ 3,205,955
Direct assistance (In-kind)	900,118	-	4,932	-	-	905,050	-	-	-	905,050	958,625
Client support	1,248,430	148	325	40,520	-	1,289,423	-	-	-	1,289,423	84,415
Occupancy	3,159	404	3,837	3,695	3,926	15,021	(163)	-	306,520	321,378	314,341
Professional & contract services	218,444	89,888	19,313	108,959	50,338	486,942	21,788	10,233	73,321	592,284	525,457
Scholarships	-	-	73,500	-	-	73,500	-	-	-	73,500	48,425
Staff development & travel	7,130	3,156	6,894	7,256	148	24,584	5,284	4,093	3,299	37,260	48,888
Dues, fees and charges	2,162	666	33,186	29,500	65,241	130,755	65,650	4,838	86,775	288,018	86,628
Program books, equipment & supplies	16,834	17,143	3,692	3,828	-	41,497	100	-	-	41,597	62,666
Program costs	11,693	5,318	8,265	7,034	(13,644)	18,666	6,714	2,433	8,180	35,993	10,223
Stipends	24,739	-	-	-	-	24,739	-	-	-	24,739	31,290
Equipment leases & maintenance	-	-	-	2,169	-	2,169	35	-	50,087	52,291	69,129
Interest expense	-	-	-	-	34,676	34,676	-	-	-	34,676	49,477
Supplies & equipment	8,865	1,646	8,975	6,799	-	26,285	9,474	3,559	75,772	115,090	47,259
Insurance	-	-	-	-	6,648	6,648	20,611	-	-	27,259	25,611
Advertising	-	-	-	-	-	-	-	623	30,699	31,322	7,308
Postage & printing	6,083	281	478	19,833	-	26,675	1,822	28,937	5,885	63,319	35,189
Shared Cost-Occupancy	51,145	24,798	113,139	41,846	3,100	234,028	37,196	38,746	(309,970)	-	-
Shared Cost-Genl Operating	121,025	45,032	84,436	143,541	5,629	399,663	92,879	70,363	(562,905)	-	297,340
Shared Cost-Tech Support	50,131	18,654	34,975	59,458	2,332	165,550	38,473	29,147	(233,170)	-	138,169
Subtotal	<u>3,325,752</u>	<u>571,370</u>	<u>898,040</u>	<u>1,268,984</u>	<u>164,851</u>	<u>6,228,997</u>	<u>1,073,772</u>	<u>673,717</u>	<u>(80,630)</u>	<u>7,895,856</u>	<u>6,046,395</u>
Depreciation	-	-	-	-	54,967	54,967	-	-	80,630	135,597	68,361
Total expenses	<u>\$ 3,325,752</u>	<u>\$ 571,370</u>	<u>\$ 898,040</u>	<u>\$ 1,268,984</u>	<u>\$ 219,818</u>	<u>\$ 6,283,964</u>	<u>\$ 1,073,772</u>	<u>\$ 673,717</u>	<u>\$ -</u>	<u>\$ 8,031,453</u>	<u>\$ 6,114,756</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020
(with summarized comparative totals for the year ended June 30, 2019)

	<u>2020</u>	<u>2019</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 2,329,252	\$ (402,708)
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	(160,418)	68,361
Net unrealized gain on investments	-	50,490
(Increase) decrease in:		
Grants and contracts receivable	149,632	402,672
Accounts and other receivables	53,486	(97,850)
Prepaid expenses and other assets	(74,452)	31,967
Increase (decrease) in:		
Accounts payable and accrued expenses	(51,808)	90,567
Accrued compensation	57,393	15,888
Deferred revenue	(3,200)	5,400
Total cash provided by operations	<u>2,299,885</u>	<u>164,787</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant, property and equipment	(38,457)	(415,158)
Purchase of investments	16	(2,568)
Total cash used by investing	<u>(38,441)</u>	<u>(417,726)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	635,965	-
Principal payments on long-term debt	(7,498)	(20,410)
Total cash provided by financing	<u>628,467</u>	<u>(20,410)</u>
NET CHANGE IN CASH	2,889,911	(273,349)
CASH, beginning of year	<u>2,010,488</u>	<u>2,283,837</u>
CASH, end of year	<u>\$ 4,900,399</u>	<u>\$ 2,010,488</u>
Supplemental information:		
Cash paid for interest	<u>\$ 34,676</u>	<u>\$ 49,477</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 1 ORGANIZATION

Founded in 1982, Canal Alliance (Organization) has been the leading service provider and community advocate for Marin's extremely low-income Latino immigrant community for 38 years. Each year, the Organization collaborates with over 40 agencies and engages 500 volunteers to serve more than 4,000 individuals and families. The Organization was recognized in June 2017 as a California Nonprofit of the Year by the California State Assembly in partnership with the California Association of Nonprofits.

The Organization is located in, and primarily serves immigrants residing in, the Canal neighborhood of San Rafael, which is geographically isolated and densely populated with over 12,000 residents in a two-square mile radius. Most clients come from remote areas of Guatemala, El Salvador and Mexico, and have less than an elementary school education. While Spanish is the primary language for most, some speak native languages and are preliterate in Spanish.

The Organization believes that when extremely low-income immigrants acquire the right skills, they can overcome poverty and build a pathway to success as new Americans. The Organization's model has four integrated strategies aimed at removing the many barriers that Latino immigrants confront in attempting to access education, earning a living wage, and improving their financial security: Case Management, Behavioral Health, Immigration Legal Services, and Education.

Funding is provided principally by contributions, public and private grants and contracts and program fees.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Cash and Cash Equivalents – The Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk – The Organization maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the Organization held cash and cash equivalent balances in excess of federally insured limits. The amount in excess of the FDIC limit totaled \$1,431,265 from one institution at June 30, 2020.

Accounts receivable – Receivables are monies due from various sources for services performed the prior month. Allowances for non-payment of receivables are provided based on management’s estimates. Management believes receivables at June 30, 2020 will be fully collectible; accordingly, no allowance for uncollectible receivables is recorded.

Grants and contracts receivable – Grants and contracts receivables are monies that are outstanding from signed private grants and government contracts that have not been paid at year end. There is no bad debt allowance at June 30, 2020.

Investments – Investments are certificates of deposits and pooled investment funds and are reported at their fair values in the statement of financial position. The fair value of the certificates of deposits are based upon quoted prices in active markets (Level 1 measurements). The fair value of pooled investment funds is based upon quoted prices for similar securities in active markets (Level 3 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fair Value Measures – The Organization reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures, continued

The three level of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – 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, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Fixed Assets – The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to forty years.

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization’s status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and, therefore, no provision for income taxes has been provided in these financial statements. The Organization’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – The Organization's indirect allocation plan is calculated on the basis of both the square footage used by each program and/or department as well as the percentage of salaries within each business unit. The Organization captures all allocated costs for general & administrative expenses as well as all occupancy and technology costs in a "Shared" department that is completely allocated across the Organization on a monthly basis. The Organization does, however, treat technology and software costs that are relevant to only one program and/or department as direct costs within those business units.

Donated Services and Items – Some people have contributed amounts of time and inventory to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services and items, because no reliable basis exists for determining an appropriate valuation, with the exception for specialized services as allowed by generally accepted accounting principles.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2019, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2020 that are available for operations. The Organization's restrictions come from donor restricted funds based on time and program. The Organization's cash reserves ending balance was \$3.6 million. Of the reserves, \$2.99 million are kept in a money market sweep account that transfers all but \$250,000 to participating banks. Each partner bank will hold up to \$250,000, the FDIC limit for insurability. The reserves require a Board Executive Committee approval before any funds can be transferred.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 3 LIQUIDITY, continued

Financial assets at yearend	
Cash and cash equivalents	\$ 4,900,399
Accounts receivable	46,794
Grants receivable, short and long term	1,560,506
Investments	88,423
Less financial assets with donor restrictions	(3,949,082)
Less financial assets with permanent donor restrictions	(61,000)
Less board designated reserve funds	<u>(1,370,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 1,216,040</u>

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2020:

	Total	Level 1	Level 3
Pooled investment funds	\$ 88,423	-	\$ 88,423
Total	\$ 88,423	-	\$ 88,423

Investment earnings are as follows for the year ended June 30, 2020:

Investment gain	\$ 2,036
-----------------	----------

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY MARIN COMMUNITY FOUNDATION

Assets held by the Marin Community Foundation (Foundation) are essentially an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees (Trustees) the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The Trustees shall determine distributions to be made from assets of the Fund with the advice from the Organization.

The recommendations of the Organization are advisory only and not binding on the Trustees. The Trustees may authorize distributions consistent with the prevailing spending rule of the Foundation at such intervals as they shall deem appropriate after having considered the recommendations for the Organization. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by the Marin Community Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

Balance, beginning of year	\$ 86,403
Interest, dividends, unrealized gain	<u>2,036</u>
Balance at June 30, 2020	<u>\$ 88,439</u>

NOTE 6 ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at June 30, 2020 is \$165,225.

Sick leave benefits are accumulated for each qualified employee. Those employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are recorded as expenses in the period taken.

NOTE 7 LINE OF CREDIT

The Organization has a revolving line of credit for \$400,000 with Bank of Marin. The line of credit expires March 2021. As of June 30, 2020, there is no outstanding balance. Interest is payable at prime rate plus 1.5 percent, which was 5.25 percent at June 30, 2020. The line of credit is secured by substantially all assets of the Organization. There are non-financial covenants related to this line of credit with which the Organization must comply.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2020:

Collateral	Lender	Maturity Date	Interest Rate	Monthly Payment	Balance Due
N/A	Buckelew Programs	Upon 180 days written request	NA	NA	\$ 30,000
Novato St. Locations	Marin Community Foundation	July 2028	4%	\$ 5,702	\$ 1,144,716

Interest paid to Marin Community Foundation for the year ended June 30, 2020 is \$34,676.

Future maturities are as follows as of June 30:

2020	\$ 23,209
2021	24,156
2022	25,142
2023	26,168
2024	27,236
Thereafter	<u>1,018,806</u>
Total	<u>\$ 1,144,717</u>

NOTE 9 NOTES PAYABLE

The Organization has a note payable with the Small Business Administration in the amount of \$635,965. The loan originated June 2020 and matures June 2022. Interest is one percent. The loan can be forgiven as long as the covenants are met which was not done by June 30, 2020 but is expected to be forgiven by June 30, 2022. Future minimum payments are as follows:

2021	\$ 210,209
2022	425,756

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 10 NET ASSETS WITHOUT DONOR RESTRICTION

Net assets without restriction at June 30, 2020 are as follows:

Net investment in fixed assets	\$ 1,796,510
Undesignated	621,108
Total	\$ 2,417,618

NOTE 11 NET ASSETS WITH TEMPORARY DONOR RESTRICTION

Net assets with temporary donor restrictions at June 30, 2020 are as follows:

Administration	\$ 1,385,135
Social Services	1,550,891
Adult Education	335,000
Youth Services	246,363
Immigration	306,694
Canal Housing	125,000
Total	\$ 3,949,083

NOTE 12 NET ASSETS WITH PERMANENT DONOR RESTRICTION

The Organization received donations which must be invested in perpetuity and remain permanently restricted. Only the earnings from the investment may be used at the Board's discretion. Any negative changes in the fair value of these funds must come out of the Organization's unrestricted or temporarily restricted funds, and would, therefore, not change the permanently restricted amount.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted California's enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair market value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 12 NET ASSETS WITH PERMANENT DONOR RESTRICTION, continued

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

During the year ended June 30, 2020, the Organization received gain of \$2,036 which had not been appropriated for expenditure.

Changes in the Beneficial Interest in Assets Held by Marin Community Foundation for the year ended June 30, 2020 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beneficial interest, beginning	\$ 25,403	\$ -	\$ 61,000	\$ 86,403
Investment gain	<u>2,036</u>	<u>-</u>	<u>-</u>	<u>2,036</u>
Beneficial interest, June 30, 2020	<u>\$ 27,439</u>	<u>\$ -</u>	<u>\$ 61,000</u>	<u>\$ 88,439</u>

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 13 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the other events specified by donors during the year ended June 30, 2020 as follows:

Social Services	\$ 975,499
Administration	1,048,531
Adult Education	200,000
Immigration	632,720
Youth Services	287,000
Canal Housing	<u>25,000</u>
Total	<u>\$ 3,168,750</u>

NOTE 14 RETIREMENT PLAN

The Organization has established a defined contribution retirement plan for eligible employees, sponsored by the Organization through Vanguard and American Funds. Employees are eligible if they are 21 years of age or older. All eligible employees may make voluntary contributions by salary reduction to the plan, up to the limit allowed by law. The Organization does not contribute to the plan.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The Organization is obligated under a non-cancelable operating lease agreement for its facilities at 91 Larkspur Street, 86 Belvedere Street, and 130 Alto Street, San Rafael, California. The lease was renewed in February 2020. The new terms are December 2019 through March 2031. The monthly lease payments range from \$19,734 to \$26,784 through the life of the lease.

The Organization is also under contracts for rented office equipment. Monthly payments range from \$151 to \$1,928. The contracts expire at various times.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2020

NOTE 15 COMMITMENTS AND CONTINGENCIES, continued

The following is a schedule of the minimum lease commitments for the years ending June 30:

2021	\$	311,033
2022		290,051
2023		295,929
2024		281,546
2025		271,746
Thereafter		1,965,141

Rent expense and equipment lease expense for the year ended June 30, 2020 were \$241,737 and \$47,958, respectively.

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not apply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2020.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through March 5, 2021, the date the financial statements were available to be issued. In January 2020, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Organization's operations, financial position, and cash flows.

CANAL ALLIANCE

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

JUNE 30, 2021



TABLE OF CONTENTS

	<u>Page</u>
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS:	
Statement of Financial Position	3 - 4
Statement of Activities	5
Statement of Functional Expense	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 18

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Canal Alliance
San Rafael, California

We have audited the accompanying financial statements of Canal Alliance (a nonprofit corporation), which comprise the statement of financial position as of June 30, 2021, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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



Goranson and Associates, Inc.

717 College Avenue, First Floor, Santa Rosa, CA 95404 Phone: 707/542-1256 Fax 707/978-3090

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Canal Alliance as of June 30, 2021, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Canal Alliance's financial statements for the year ended June 30, 2020, and we expressed an unmodified audit opinion on those audited financial statements in our report dated March 5, 2021. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2020, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Goranson and Associates, Inc.

November 22, 2021
Santa Rosa, CA

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

	2021	2020
ASSETS		
Current assets:		
Cash	\$ 5,400,204	\$ 4,900,399
Grants and contracts receivable	1,468,996	1,321,518
Accounts and other receivables	27,632	46,794
Prepaid expenses and other assets	158,004	98,806
Total current assets	7,054,836	6,367,517
Fixed assets:		
Land	463,735	463,735
Buildings and improvements	1,747,612	1,747,612
Furniture and equipment	309,140	139,508
Leasehold improvements	498,275	647,770
Subtotal	3,018,762	2,998,625
Work in process	-	80,867
Less accumulated depreciation	(1,239,509)	(1,282,982)
Net fixed assets	1,779,253	1,796,510
Other assets:		
Beneficial interest in assets held by Marin Community Foundation	110,644	88,423
Long term receivable	525,992	238,988
Deposits	3,450	3,450
Total other assets	640,086	330,861
Total assets	\$ 9,474,175	\$ 8,494,888

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FINANCIAL POSITION
JUNE 30, 2021
(with summarized comparative totals for June 30, 2020)

	2021	2020
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 106,300	\$ 78,797
Accrued compensation	329,855	167,001
Security deposits	13,108	10,708
Current portion of long term debt	653,112	234,139
Total current liabilities	1,102,375	490,645
Long-term debt, net of current portion	1,157,567	1,576,542
Total liabilities	2,259,942	2,067,187
Net assets:		
Without donor restriction	4,656,119	2,417,618
With donor restriction		
Temporarily restricted	2,497,114	3,949,083
Permanently restricted	61,000	61,000
Total net assets	7,214,233	6,427,701
Total liabilities and net assets	\$ 9,474,175	\$ 8,494,888

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

	Without donor restriction	With donor restriction		2021 Total	2020 Total
		<u>Temporary</u>	<u>Permanent</u>		
SUPPORT AND REVENUE:					
Grants and awards	\$ 1,757,807	\$ 2,638,227		\$ 4,396,034	\$ 4,397,194
In-kind contributions	1,151,087	-		1,151,087	953,693
Contributions	2,262,411	905,250		3,167,661	3,636,817
Government contracts	2,275,865	400,000		2,675,865	1,110,940
Program fees	-	-		-	44,041
Housing rental fees	210,384	-		210,384	215,984
Interest and other income	26,212	-		26,212	2,036
Net assets released from restriction	5,395,446	(5,395,446)		-	-
Total support and revenue	<u>13,079,212</u>	<u>(1,451,969)</u>		<u>11,627,243</u>	<u>10,360,705</u>
EXPENSES:					
Program:					
Social Services	4,640,000			4,640,000	3,325,752
Adult Education	1,270,731			1,270,731	571,370
Youth Education	1,028,366			1,028,366	898,040
Immigration	1,377,111			1,377,111	1,268,984
Canal Housing	387,788			387,788	219,818
Total program services	<u>8,703,996</u>			<u>8,703,996</u>	<u>6,283,964</u>
Supporting services:					
Management and general	1,292,589			1,292,589	1,073,772
Fundraising	844,126			844,126	673,717
Total supporting services	<u>2,136,715</u>			<u>2,136,715</u>	<u>1,747,489</u>
Total expenses	<u>10,840,711</u>			<u>10,840,711</u>	<u>8,031,453</u>
CHANGE IN NET ASSETS	<u>2,238,501</u>	<u>(1,451,969)</u>		<u>786,532</u>	<u>2,329,252</u>
NET ASSETS, BEGINNING	<u>2,417,618</u>	<u>3,949,083</u>	<u>\$ 61,000</u>	<u>6,427,701</u>	<u>4,098,449</u>
NET ASSETS, ENDING	<u>\$ 4,656,119</u>	<u>\$ 2,497,114</u>	<u>\$ 61,000</u>	<u>\$ 7,214,233</u>	<u>\$ 6,427,701</u>

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF FUNCTIONAL EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

	Social Services	Adult Education	Youth Education	Immigration	Canal Housing	Total Program Expense	Management and General	Fundraising	Shared costs	2021 Total	2020 Total
Salaries and benefits	\$ 1,090,506	\$ 1,031,725	\$ 578,708	\$ 898,902	\$ 9,643	\$ 3,609,484	\$ 901,332	\$ 603,741	\$ 365,455	\$ 5,480,012	\$ 3,962,657
Direct assistance (In-kind)	1,078,107	-	-	-	-	1,078,107	-	-	-	1,078,107	905,050
Client support	2,004,875	-	8,175	8,461	54,928	2,076,439	1,012	-	-	2,077,451	1,289,423
Occupancy	19,571	11,296	8,337	9,195	7,532	55,931	6,106	5,509	373,447	440,993	321,378
Professional & contract services	55,720	34,006	72,819	120,449	163,418	446,412	127,242	38,125	166,563	778,342	592,284
Scholarships	-	-	84,678	-	-	84,678	-	-	-	84,678	73,500
Staff development & travel	5,661	3,913	1,202	4,304	-	15,080	3,326	5,389	703	24,498	37,260
Dues, fees and charges	240	8,287	1,880	17,265	59,860	87,532	32,587	12,623	77,759	210,501	288,018
Program books, equipment & supplies	62,329	59,028	31,535	2,658	-	155,550	-	133	-	155,683	41,597
Program costs	1,479	-	7,128	-	-	8,607	-	-	-	8,607	35,993
Stipends	64,892	33,208	300	-	-	98,400	-	-	-	98,400	24,739
Equipment leases & maintenance	-	-	-	560	-	560	83	-	99,525	100,168	52,291
Interest expense	-	-	-	-	-	-	-	-	-	-	34,676
Supplies & equipment	4,859	3,475	444	710	19,640	29,128	8,414	349	20,316	58,207	115,090
Insurance	-	-	-	-	7,122	7,122	29,121	-	-	36,243	27,259
Advertising	359	10,000	-	-	-	10,359	-	297	10,812	21,468	31,322
Postage & printing	10,712	2,697	-	14,579	-	27,988	1,734	24,361	2,876	56,959	63,319
Shared Cost-Occupancy	59,843	19,937	109,034	51,862	3,323	243,999	39,874	41,894	(325,767)	-	-
Shared Cost-Genl Operating	101,435	29,816	69,621	139,193	4,969	345,034	79,511	62,654	(487,199)	-	-
Shared Cost-Tech Support	79,412	23,343	54,505	108,973	3,891	270,124	62,247	49,051	(381,422)	-	-
Subtotal	4,640,000	1,270,731	1,028,366	1,377,111	334,326	8,650,534	1,292,589	844,126	(76,932)	10,710,317	7,895,856
Depreciation	-	-	-	-	53,462	53,462	-	-	76,932	130,394	135,597
Total expenses	\$ 4,640,000	\$ 1,270,731	\$ 1,028,366	\$ 1,377,111	\$ 387,788	\$ 8,703,996	\$ 1,292,589	\$ 844,126	\$ -	\$ 10,840,711	\$ 8,031,453

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021
(with summarized comparative totals for the year ended June 30, 2020)

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 786,532	\$ 2,329,252
Adjustments to reconcile change in net assets to cash from operations		
Depreciation	(43,473)	(160,418)
(Increase) decrease in:		
Grants and contracts receivable	(434,482)	149,632
Accounts and other receivables	19,162	53,486
Prepaid expenses and other assets	(59,198)	(74,452)
Increase (decrease) in:		
Accounts payable and accrued expenses	27,503	(51,808)
Accrued compensation	162,854	57,393
Deferred revenue	2,398	(3,200)
Total cash provided by operations	461,296	2,299,885
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of plant, property and equipment	60,730	(38,457)
Purchase of investments	(22,221)	16
Total cash used by investing	38,509	(38,441)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from long-term debt	-	635,965
Principal payments on long-term debt	-	(7,498)
Total cash provided by financing	-	628,467
NET CHANGE IN CASH	499,805	2,889,911
CASH, beginning of year	4,900,399	2,010,488
CASH, end of year	\$ 5,400,204	\$ 4,900,399
Supplemental information:		
Cash paid for interest	\$ -	\$ 34,676

The accompanying notes are an integral part of these financial statements

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 1 ORGANIZATION

Canal Alliance (Organization) has been the leading service provider and community advocate for Marin's extremely low-income immigrant community for 39 years. Each year, the organization collaborates with over 60 agencies and engages hundreds of volunteers to serve more than 4,000 individuals and families.

Canal Alliance exists to break the generational cycle of poverty for Latino immigrants and their families by lifting barriers to their success. Because breaking the generational cycle of poverty is extremely complex, our program model offers comprehensive and multifaceted approaches that simultaneously improve individual and family stability and well-being, education, and employment. Our primary strategy is to help clients access education and immigration legal services, both of which have been shown to improve outcomes related to employment and income, and combined, have the greatest impact on improving economic outcomes for immigrants. To remove the many barriers that Latino immigrants confront in attempting to access education, earning a living wage, and improving their financial security, we also offer comprehensive social services, case management and behavioral health services to support individual and family wellness and stability.

Beyond direct services, Canal Alliance is also increasingly engaged in advocacy and community engagement efforts designed to facilitate community input, develop grassroots leadership, and expand civic engagement among Latino immigrants. Our goals in this area are to improve the health, wellness and stability of the Latino immigrant community by supporting and lifting the voices of community members to provide input and solutions to the challenges they face as individuals, families and as a community.

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Organization reports information regarding its financial position and activities on an accrual basis according to two classes of net assets: net assets without donor restriction and net assets with donor restriction.

Net assets without donor restriction – Net assets that are not subject to donor-imposed restrictions. These also may be designated for specific purposes by action of the Board of Directors.

Net assets with donor restriction – Net assets that are subject to donor-imposed stipulations that may be fulfilled by actions of the Organization to meet the stipulations or that become net assets without donor restriction at the date specified by the donor.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Net assets released from donor restriction – Net assets with donor restriction are “released” to net assets without donor restriction when the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed.

Cash and Cash Equivalents – The Organization considers highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

Concentrations of Credit Risk – The Organization maintains cash balances at local financial institutions insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times during the year, the Organization held cash and cash equivalent balances in excess of federally insured limits. The amount in excess of the FDIC limit totaled \$1,196,393 from one institution at June 30, 2021.

Accounts receivable – Receivables are monies due from various sources for services performed the prior month. Allowances for non-payment of receivables are provided based on management’s estimates. Management believes receivables at June 30, 2021 will be fully collectible; accordingly, no allowance for uncollectible receivables is recorded.

Grants and contracts receivable – Grants and contracts receivables are monies that are outstanding from signed private grants and government contracts that have not been paid at year end. There is no bad debt allowance at June 30, 2021.

Investments – Investments are certificates of deposits and pooled investment funds and are reported at their fair values in the statement of financial position. The fair value of the certificates of deposits are based upon quoted prices in active markets (Level 1 measurements). The fair value of pooled investment funds is based upon quoted prices for similar securities in active markets (Level 3 measurements). Realized and unrealized gains and losses are included in the change in net assets and are included in the statement of activities as net realized and unrealized gains on investments.

Fair Value Measures – The Organization reports its fair value measures by using a fair value hierarchy defined by generally accepted accounting principles (GAAP) that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest ranking to fair values determined using unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest ranking to fair values determined using methodologies and models with unobservable inputs (Level 3).

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Fair Value Measures, continued

The three level of the fair value hierarchy under GAAP are:

Level 1 – Unadjusted quoted prices in active markets accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – 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, or inputs that are observable either directly or indirectly, for substantially the full term of the asset or liability.

Level 3 – Prices for valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (inputs are supported by little or no market activity).

Fixed Assets – The Organization capitalizes all expenditures for property and equipment in excess of \$5,000. Fixed assets are carried at cost or at estimated fair market value at date of donation. Depreciation is calculated using the straight-line method over the useful life of the asset, usually five to forty years.

Income Taxes – The Organization is exempt from Federal and State Income taxes under Internal Revenue Code Section 501(c)(3) and California Franchise Tax Board Code Section 23701d. Therefore, no provision for income taxes has been made in the accompanying financial statements. In addition, the Internal Revenue Service has determined the Organization is not a “private foundation” within the meaning of Section 509(a) of the Internal Revenue Code.

Management of the Organization considers the likelihood of changes by taxing authorities in its filed tax returns and recognizes a liability for or discloses potential significant changes if management believes it is more likely than not for a change to occur, including changes to the Organization’s status as a not-for-profit entity. Management believes the Organization met the requirements to maintain its tax-exempt status and, therefore, no provision for income taxes has been provided in these financial statements. The Organization’s tax returns for the past three years are subject to examination by tax authorities and may change upon examination.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, continued

Functional Allocation of Expenses – The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities. Accordingly, certain costs have been allocated among the programs and supporting services.

Allocation Methodology – The Organization's indirect allocation plan is calculated on the basis of both the square footage used by each program and/or department as well as the percentage of salaries within each business unit. The Organization captures all allocated costs for general & administrative expenses as well as all occupancy and technology costs in a "Shared" department that is completely allocated across the Organization on a monthly basis. The Organization does, however, treat technology and software costs that are relevant to only one program and/or department as direct costs within those business units.

Donated Services and Items – Some people have contributed amounts of time and inventory to the activities of the Organization without compensation. The financial statements do not reflect the value of those contributed services and items, because no reliable basis exists for determining an appropriate valuation, with the exception for specialized services as allowed by generally accepted accounting principles.

Summarized Financial Information – The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Organization's financial statements for the year ended June 30, 2020, from which the summarized information was derived.

NOTE 3 LIQUIDITY

The following reflects the Organization's financial assets as of June 30, 2021 that are available for operations. The Organization's restrictions come from donor restricted funds based on time and program. The Organization's cash reserves ending balance was \$4.7 million. Of the reserves, \$3.5 million are kept in a money market sweep account that transfers all but \$250,000 to participating banks. Each partner bank will hold up to \$250,000, the FDIC limit for insurability. The reserves require a Board Executive Committee approval before any funds can be transferred.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 3 LIQUIDITY, continued

Financial assets at year end	
Cash and cash equivalents	\$ 5,400,204
Accounts receivable	27,632
Grants receivable, short and long term	1,994,988
Investments	110,644
Less financial assets with donor restrictions	(2,497,114)
Less financial assets with permanent donor restrictions	(61,000)
Less board designated reserve funds	<u>(4,700,000)</u>
Total financial assets available to meet cash needs for general expenditures within one year	<u>\$ 275,354</u>

NOTE 4 FAIR VALUE MEASUREMENTS AND INVESTMENTS

The following table presents the assets and liabilities recognized in the accompanying statements of financial position that are measured at fair value on a recurring basis and the level within the fair value hierarchy in which those fair value measurements fall at June 30, 2021:

	Total	Level 2
Pooled investment funds	\$ 110,644	\$ 110,644
Total	\$ 110,644	\$ 110,644

Investment earnings are as follows for the year ended June 30, 2021:

Investment gain	<u>\$ 26,212</u>
-----------------	------------------

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 5 BENEFICIAL INTEREST IN ASSETS HELD BY MARIN COMMUNITY FOUNDATION

Assets held by the Marin Community Foundation (Foundation) are essentially an endowed component fund (Fund) for the benefit of the Organization. The Organization has granted the Foundation variance power which gives the Foundation's Board of Trustees (Trustees) the power to use the Fund for other purposes in certain circumstances. The Fund is subject to the Foundation's investment and spending policies. The Trustees shall determine distributions to be made from assets of the Fund with the advice from the Organization.

The recommendations of the Organization are advisory only and not binding on the Trustees. The Trustees may authorize distributions consistent with the prevailing spending rule of the Foundation at such intervals as they shall deem appropriate after having considered the recommendations for the Organization. The Organization reports the fair value of the Fund as Beneficial Interest in Assets Held by the Marin Community Foundation in the statement of financial position and reports distributions received as investment income. Changes in the value of the Fund are reported as gains or losses in the statement of activities.

Balance, beginning of year	\$ 88,439
Interest, dividends, unrealized gain	<u>22,214</u>
Balance at June 30, 2021	\$ <u>110,644</u>

NOTE 6 ACCRUED VACATION

Accumulated unpaid employee vacation benefits are recognized as liabilities of the Organization. The value of accumulated vacation at June 30, 2021 is \$265,875.

Sick leave benefits are accumulated for each qualified employee. Those employees do not gain a vested right to accumulated sick leave. Accumulated sick leave benefits are recorded as expenses in the period taken.

NOTE 7 LINE OF CREDIT

The Organization has a revolving line of credit for \$500,000 with Bank of Marin. The line of credit expires March 2023. As of June 30, 2021, there is no outstanding balance. Interest is payable at prime rate plus 1.5 percent, which was 5.25 percent at June 30, 2021. The line of credit is secured by substantially all assets of the Organization. There are non-financial covenants related to this line of credit with which the Organization must comply.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 8 LONG-TERM DEBT

Long-term debt consists of the following at June 30, 2021:

Collateral	Lender	Maturity Date	Interest Rate	Monthly Payment	Balance Due
N/A	Buckelew Programs	Upon 180 days written request	NA	NA	\$ 30,000
Novato St. Locations	Marin Community Foundation	January 2030	4%	\$ 5,702	\$ 1,144,716

Future maturities are as follows as of June 30:

2022	\$ 17,147
2023	23,678
2024	24,644
2025	25,650
2026	26,696
Thereafter	1,026,901
Total	<u>\$ 1,144,716</u>

NOTE 9 NOTES PAYABLE

The Organization has a note payable with the Small Business Administration in the amount of \$635,965. The loan originated June 2021 and matures June 2022. Interest is one percent. The loan can be forgiven as long as the covenants are met which was not done by June 30, 2021 but subsequent to year end, in August 2021, the loan was forgiven.

CANAL ALLIANCE
 NOTES TO FINANCIAL STATEMENTS
 JUNE 30, 2021

NOTE 10 NET ASSETS WITHOUT DONOR RESTRICTION

Net assets without restriction at June 30, 2021 are as follows:

Net investment in fixed assets	\$ 1,779,253
Undesignated	2,876,866
Total	<u>\$ 4,656,119</u>

NOTE 11 NET ASSETS WITH TEMPORARY DONOR RESTRICTION

Net assets with temporary donor restrictions at June 30, 2021 are as follows:

Administration	\$ 1,865,417
Social Services	89,197
Adult Education	241,666
Youth Education	150,834
Immigration	150,000
Total	<u>\$ 2,497,114</u>

NOTE 12 NET ASSETS WITH PERMANENT DONOR RESTRICTION

The Organization received donations which must be invested in perpetuity and remain permanently restricted. Only the earnings from the investment may be used at the Board's discretion. Any negative changes in the fair value of these funds must come out of the Organization's unrestricted or temporarily restricted funds, and would, therefore, not change the permanently restricted amount.

Interpretation of Relevant Law

The Board of Directors of the Organization has interpreted California's enacted version of the *Uniform Prudent Management of Institutional Funds Act* (UPMIFA) as requiring the preservation of the fair market value of the donor-restricted endowment funds absent explicit donor stipulations to the contrary.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 12 NET ASSETS WITH PERMANENT DONOR RESTRICTION, continued

In accordance with UPMIFA, the Organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- (1) The duration and preservation of the fund
- (2) The purposes of the Organization and the donor-restricted endowment fund
- (3) General economic conditions
- (4) The possible effect of inflation and deflation
- (5) The expected total return from income and the appreciation of investments
- (6) Other resources of the Organization
- (7) The investment policies of the Organization

Funds with deficiencies: From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Organization to retain as a fund of perpetual duration.

During the year ended June 30, 2021, the Organization received no gain which had not been appropriated for expenditure.

Changes in the Beneficial Interest in Assets Held by Marin Community Foundation for the year ended June 30, 2021 are as follows:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Beneficial interest, beginning	\$ 27,430	\$ -	\$ 61,000	\$ 88,430
Investment gain	<u>22,214</u>	<u>-</u>	<u>-</u>	<u>22,214</u>
Beneficial interest, June 30, 2021	<u>\$ 49,644</u>	<u>\$ -</u>	<u>\$ 61,000</u>	<u>\$ 110,644</u>

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 13 NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from restrictions by incurring expenses satisfying the restricted purposes or by the occurrence of the other events specified by donors during the year ended June 30, 2021 as follows:

Social Services	\$ 2,569,541
Administration	1,685,234
Adult Education	233,334
Immigration	455,444
Youth Education	346,893
Canal Housing	<u>105,000</u>
Total	<u>\$ 5,395,446</u>

NOTE 14 RETIREMENT PLAN

The Organization has established a defined contribution retirement plan for eligible employees, sponsored by the Organization through Vanguard and American Funds. Employees are eligible if they are 21 years of age or older. All eligible employees may make voluntary contributions by salary reduction to the plan, up to the limit allowed by law. The Organization does not contribute to the plan.

NOTE 15 COMMITMENTS AND CONTINGENCIES

The Organization is obligated under a non-cancelable operating lease agreement for its facilities at 91 Larkspur Street, 86 Belvedere Street, and 130 Alto Street, San Rafael, California. The lease was renewed in February 2020. The new terms are December 2020 through March 2031. The monthly lease payments range from \$19,931 to \$26,784 through the life of the lease.

The Organization is also under contracts for rented office equipment. Monthly payments range from \$151 to \$1,928. The contracts expire at various times.

CANAL ALLIANCE
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 2021

NOTE 15 COMMITMENTS AND CONTINGENCIES, continued

The following is a schedule of the minimum lease commitments for the years ending June 30:

2022	\$	248,196
2023		255,642
2024		263,307
2025		271,203
2026		279,339
Thereafter		1,444,746

Rent expense and equipment lease expense for the year ended June 30, 2021 were \$252,711 and \$95,770, respectively.

Conditions contained within the various contracts awarded to the Organization are subject to the funding agencies' criteria and regulations under which expenditures may be charged against and are subject to audit under such regulations and criteria. Occasionally, such audits may determine that certain costs incurred against the grants may not apply with the established criteria governing them. In such cases, the Organization could be held responsible for repayments to the funding agency for the costs or be subject to reductions of future funding in the amount of such costs. Management does not anticipate any material questioned costs for the contracts and grants administered through the year ended June 30, 2021.

NOTE 16 SUBSEQUENT EVENTS

The Organization has evaluated subsequent events through November 22, 2021, the date the financial statements were available to be issued. In January 2021, COVID-19 emerged and has subsequently spread worldwide. The World Health Organization has declared COVID-19 a pandemic resulting in federal, state and local governments and private entities mandating various restrictions. This could have a material effect on the Organization's operations, financial position, and cash flows. As seen in Note 9, the Organization had their note payable from the Small Business Administration forgiven in August 2021.

Board Member	Title	Email	Committee
Gina Claxton	President	gaclax7@gmail.com	Executive, Financial, Development, Real Estate/Environment
Morris Beazley	Vice President	morris.beazley@yahoo.com	Executive, Development, Governance
Michael Metzner	Treasurer	metznermichael@gmail.com	Executive, Finance, Real Estate/Environment, Advocacy and Policy
Nell Branco	Secretary	nellbranco@gmail.com	Executive, Audit, Governance
Bruce Olcott		olcott@mac.com	Real Estate/Environment
Morris Beazley		morris.beazley@yahoo.com	Executive, Development, Governance
Melanie Flores		northbaymel@gmail.com	Development
Nelson Lee		nelsonleelaw@gmail.com	Audit, Governance
Robert Reynolds		rjreynolds2001@yahoo.com	Advocacy/Policy, Finance
Karen Rosenquist		rosenquistkaren@gmail.com	Advocacy/Policy
Krystal Sandza		krystal.sandza1@gmail.com	Advocacy/Policy,
David Williams		dave@dissigno.com	Audit , Development
David Frankenberg		david@drewschool.org	Development
CA Staff -BOD			
Omar Carrera	CEO	omarc@canalalliance.org	Executive, Finance
Karen Rodriguez	CFO/COO	KarenR@canalalliance.org	Finance, Audit
Sara Matson	Director of Development	saram@canalalliance.org	Development

Internal Revenue Service
Director, Exempt Organizations
Rulings and Agreements

Department of the Treasury
P.O. Box 2508
Cincinnati, Ohio 45201

Date:

JAN 20 2005

Canal Alliance
91 Larkspur Street
San Rafael, CA 94901

Person to Contact - ID#:
Ms. K. Wilmer 52-05885
Contact Telephone Numbers:
877-829-5500 Phone
513-263-3756 Fax
Federal Identification Number:
94-2832648

Dear Sir or Madam:

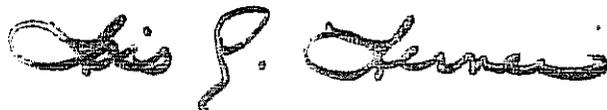
By our determination dated September 1982, you were held to be exempt from Federal Income Tax under the provisions of section 501(c)(3) of the Internal Revenue Code.

You recently furnished us information that the San Rafael Canal Ministry merged with Canal Community Alliance Inc. on December 31, 2004. At the same time, the entity changed its name as shown above. Based on the information submitted, we have determined that the merger does not affect your exempt status. The organization will continue using Employer Identification Number 94-2832648.

Please let us know about any further changes in the character, purposes, method of operation, name or address of your organization.

If you have any questions regarding this matter, please contact the person whose name and telephone number appear in the heading of this letter.

Sincerely,



Lois G. Lerner
Director, Exempt Organizations
Rulings and Agreements

Enclosure



RESOLUTION
From the Canal Alliance Board of Directors
February 15, 2022

WHEREAS Canal Alliance was established in San Rafael, California, in 1982, and has a 37-year trusted reputation as the leading service provider and advocate for the low-income immigrant community in Marin County, California;

WHEREAS Canal Alliance exists to break the generational cycle of poverty for Latino immigrants and their families by lifting barriers to their success;

WHEREAS Canal Alliance collaborates with 60 agencies and engages 500 volunteers each year to serve over 4,000 Latino immigrants and their families;

WHEREAS Canal Alliance provides direct services to the Latino immigrant community by addressing clients' immediate needs and supporting their long-term goals for financial stability through immigration legal services, youth and adult education services, and career programs;

WHEREAS Canal Alliance advocates for civic engagement and to change systemic inequities that negatively impact Latino immigrants including local policy issues such as educational attainment and opportunities, immigration issues, and census engagement; WHEREAS the Canal Alliance Board of Directors voted on February 15, 2022 to apply for the Marin County Affordable Housing Fund- Permanent Local Housing Allocation with the County of Marin.

NOW, THEREFORE, Canal Alliance applies for the Marin County Affordable Housing Fund- Permanent Local Housing Allocation with the County of Marin.

Signed:

A handwritten signature in black ink, appearing to read "Gina Claxton", is written over a light gray rectangular background.

Gina Claxton
President, Board of Directors

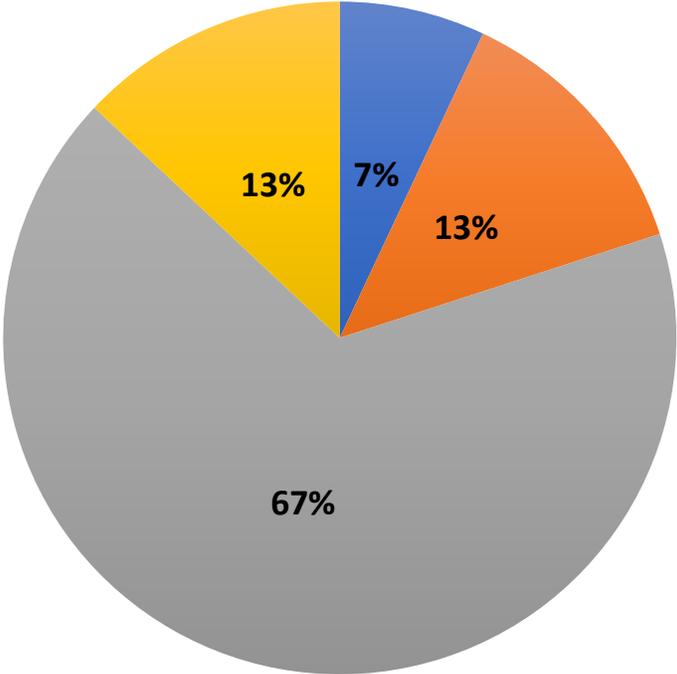
Affirmative Marketing

This project would prevent displacement by preserving affordable housing in a neighborhood and certain type of apartment that is primarily rented by low and moderate earning Latinx families. We would have an affirmative marketing plan per the City of San Rafael's standards and follow it accordingly.

Our plan to conduct affirmative marketing to members of federal protected classes would be described in the affirmative marketing plan.

Board of Directors Demographics

Race/Ethnicity

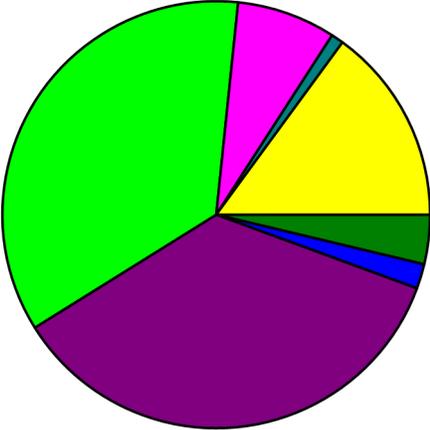
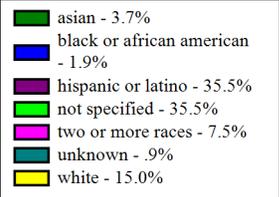


■ Asian ■ Hispanic/Latino ■ White ■ Multiracial (individuals that identify as two or more races)

Canal Alliance Staff Demographics

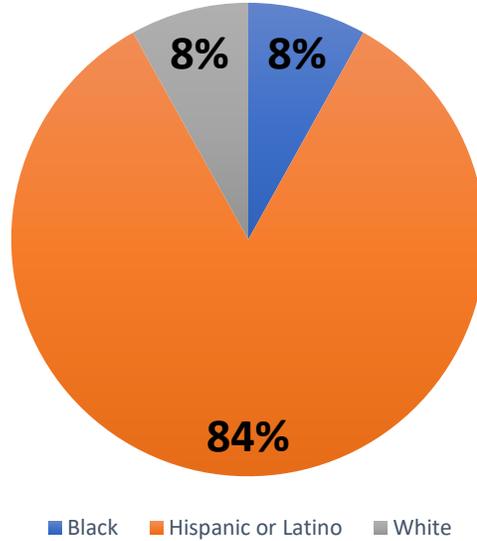
Total 107

* KEY: (W) = White; (B) = Black or African American; (H) = Hispanic or Latino; (A) = Asian; (I) = Indian; (N/H) = Native Hawaiian/Pacific Islander; (T) = Two Or More Races



Marin Villa Residents Demographics

Race/Ethnicity



Tenants with disabilities

