



Consolidated Financial Statements
June 30, 2020
(with comparative totals for June 30, 2019)
Delta Properties, Inc.

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Independent Auditor's Report

Board of Directors
Delta Properties Inc.
(A California Nonprofit Public Benefit Corporation)
Los Angeles, California

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of Delta Properties Inc. (Delta) (A California Nonprofit Public Benefit Corporation), which are comprised of the consolidated statement of financial position as of June 30, 2020, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our 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 consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Delta 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.

Emphasis of Matter

As discussed in Note 13 to the financial statements, Delta has early adopted the provisions of FASB ASU 2016-02, Leases (Topic 842), as of July 1, 2019. Our opinion is not modified with respect to this matter.

Report on Summarized Comparative Information

We have previously audited Delta's consolidated financial statement report dated January 22, 2020, in which we expressed an unmodified opinion. In our opinion, the comparative information presented herein as of and for the year ended June 30, 2019, is consistent, in all material respects, with the audited consolidated financial statements from which it has been derived.

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information as listed in the table of contents is the responsibility of management, and was derived from, and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements, or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

A handwritten signature in black ink that reads "Eide Bailly LLP". The signature is written in a cursive, flowing style.

Rancho Cucamonga, California
December 18, 2020

Delta Properties, Inc.
Consolidated Statement of Financial Position
June 30, 2020
(with comparative totals for June 30, 2019)

	2020	2019
Assets		
Current assets		
Cash and cash equivalents	\$ 1,695,357	\$ 590,035
Restricted cash and investments	7,089,007	16,746,804
Accounts receivable	593,670	170,328
Accounts receivable - related party	476,258	820,877
Prepaid expenses	26,000	-
Current portion of sales-type lease receivable	87,353	-
Note receivable - related party, current portion	80,111	-
Total current assets	10,047,756	18,328,044
Non-current assets		
Security deposit	46,172	46,172
Restricted cash and investments	6,591,944	6,845,924
Operating lease receivable	25,630	-
Sales-type lease receivable, less current portion	9,985,529	-
Note receivable - related party	4,610,425	4,760,475
Property and equipment, net	84,030,219	75,210,319
Total non-current assets	105,289,919	86,862,890
Total assets	\$ 115,337,675	\$ 105,190,934
Liabilities		
Current liabilities		
Accounts payable and accruals	\$ 924,949	\$ 3,960
Accounts payable - related party	257,583	575,396
Interest payable	1,989,945	2,050,303
Deferred revenue	310,751	183,756
Deferred revenue from operating lease	143,930	-
Current portion of finance lease liability	87,353	-
Current portion of bonds payable	1,630,000	695,000
Total current liabilities	5,344,511	3,508,415
Long-term liabilities		
Finance lease liability, less current portion	9,985,529	-
Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium	92,946,725	94,621,710
Total long-term liabilities	102,932,254	94,621,710
Total liabilities	108,276,765	98,130,125
Net Assets		
Without donor restriction	7,060,910	7,060,809
Total liabilities and net assets	\$ 115,337,675	\$ 105,190,934

Delta Properties, Inc.
Consolidated Statement of Activities
Year Ended June 30, 2020
(with comparative totals for June 30, 2019)

	2020	2019
Net Assets Without Donor Restriction		
Support and revenues		
Lease income	\$ 5,718,530	\$ 4,496,484
Interest income	641,218	599,983
Other income (Note 11)	-	570,242
Other income	317,854	5,057,652
Total support and revenues	6,677,602	10,724,361
Expense		
Program services		
Interest	3,853,656	4,991,392
Other expenses	233,342	171,406
Management and general		
Operating expenses	217,167	249,468
Total expenses before depreciation and amortization	4,304,165	5,412,266
Change in net assets before depreciation and amortization	2,373,437	5,312,095
Depreciation and amortization	2,373,336	1,977,803
Change in Net Assets Without Donor Restriction	101	3,334,292
Net Assets, Beginning of the Year	7,060,809	3,726,517
Net Assets, End of Year	\$ 7,060,910	\$ 7,060,809

Delta Properties, Inc.
Consolidated Statement of Cash Flows
Year Ended June 30, 2020
(with comparative totals for June 30, 2019)

	2020	2019
Cash Flows from (used for) Operating Activities		
Change in Net Assets	\$ 101	\$ 3,334,292
Adjustments to reconcile change in net assets to net cash from (used for) operating activities		
Depreciation expense	2,373,336	1,977,803
Interest expense attributable to the amortization of bond issuance costs and premium/discount on bonds	(44,985)	265,185
Amounts restricted for interest/debt obligation stipulations	9,911,777	(15,588,189)
Changes in operating assets and liabilities		
Accounts receivable	(423,342)	(170,328)
Accounts receivable - related party	344,619	(315,206)
Prepaid expenses	(26,000)	(46,172)
Operating lease receivable	(25,630)	-
Accounts payable	920,989	(51,222)
Accounts payable - related party	(317,813)	143,017
Accrued interest payable	(60,358)	981,475
Change in net investment in sales-type lease	41,555	-
Deferred revenue	126,995	(163,547)
Deferred revenue from operating lease	143,930	-
Net Cash from (used for) Operating Activities	12,965,174	(9,632,892)
Cash Flows used for Investing Activities		
Purchases of property and equipment	(11,193,236)	(23,883,090)
Issuance of note receivable - related party	-	(4,760,475)
Repayment of note receivable	69,939	1,886,667
Net Cash used for Investing Activities	(11,123,297)	(26,756,898)
Cash Flows from (used for) Financing Activities		
Amounts incurred for debt issuance, net	-	(1,620,438)
Proceeds from debt including premium, net	-	60,495,983
Principal payments on finance lease	(41,555)	-
Repayments of notes payable, net	-	(21,446,516)
Principal payments on bonds	(695,000)	(799,446)
Net cash from (used for) financing activities	(736,555)	36,629,583
Net Change in Cash and Cash Equivalents	1,105,322	239,793
Cash and Cash Equivalents, Beginning of Year	590,035	350,242
Cash and Cash Equivalents, End of Year	\$ 1,695,357	\$ 590,035
Supplemental Cash Flow Information		
Cash paid during the period for interest	\$ 3,914,014	\$ 3,738,544
Noncash Investing and Financing Activities		
Net investment in sales-type lease recognized for subleased finance lease	\$ 10,114,437	\$ -

Note 1 - Principal Activity and Significant Accounting Policies

Delta Properties, Inc. (Delta) was formed in 2008 as a nonprofit public benefit corporation to support Green Dot Public Schools California (GDPS CA), formerly known as Green Dot Public Schools, together with its subsidiaries, 111th Place, LLC, 8255 Beach, LLC, 12628 S. Avalon, LLC, Manchester & 27th, LLC, 1655 27th Street Facilities, 8205 Beach, LLC, 810 East 111th, LLC, 12700 S. Avalon, LLC, and 11044 S. Freeman, LLC. On August 29, 2018, DPI East 111th Place, LLC, changed its name to 810 E. 111th, LLC. Delta's primary purpose is the financing, development, leasing and maintenance of certain school facilities for the exclusive use by GDPS CA. GDPS CA represents a related party and transactions between GDPS CA and Delta have been identified on the face of the financial statements.

Basis of Accounting

The accompanying financial statements were prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as applicable to nonprofit organizations. Revenues are recognized as discussed below, and expenditures are recognized in the accounting period in which the liability is incurred.

Comparative Financial Information

The accompanying financial statements include certain prior-year summarized comparative information in total. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with Delta's audited consolidated financial statements for the year ending June 30, 2019, from which summarized information was derived.

Principles of Consolidation

The consolidated financial statements include the accounts of Delta and its wholly owned subsidiary single member limited liability companies: 111th Place, LLC, 8255 Beach, LLC, 12628 S. Avalon, LLC, Manchester & 27th, LLC, 1655 27th Street Facilities, 8205 Beach, LLC, 810 East 111th, LLC, 12700 S. Avalon, LLC, and 11044 S. Freeman, LLC. All significant intracompany accounts and transactions have been eliminated in consolidation. Unless otherwise noted, these consolidated entities are hereinafter referred to as Delta. See the supplementary schedules on pages 27 and 30 for supplemental consolidating statements.

Net Assets

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

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor restrictions.

Net Assets With Donor Restrictions – Net assets subject to donor (or certain grantor) restrictions. Some donor imposed (or grantor) restrictions are temporarily in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates that resources be maintained in perpetuity. Delta reports contributions restricted by donors as increases in net assets with donor restrictions if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions.

Cash and Cash Equivalents

Delta considers all cash and highly liquid financial instruments with original maturities of three months or less, and which are neither held for nor restricted by donors for long-term purposes, to be cash and cash equivalents.

Receivables and Credit Policies

Accounts receivable consist primarily of noninterest-bearing amounts. Management determines the allowance for uncollectable accounts receivable based on historical experience, an assessment of economic conditions, and a review of subsequent collections. Accounts receivable are written off when deemed uncollectable. No allowance for doubtful accounts has been established, as Delta deems all amounts to be fully collectible. Substantially all outstanding accounts receivable as of June 30, 2020 are expected to be collected within a period of less than one year.

Property and Equipment

Property and equipment additions over \$5,000 are recorded at cost, or if donated, at fair value on the date of donation. Depreciation and amortization are computed using the straight-line method over the estimated useful lives of the assets ranging from 3 to 30 years, or in the case of capitalized leased assets or leasehold improvements, the lesser of the useful life of the asset or the lease term. When assets are sold or otherwise disposed of, the cost and related depreciation or amortization are removed from the accounts, and any remaining gain or loss is included in the statement of activities. Cost of maintenance and repairs that do not improve or extend the useful lives of the respective assets are expensed currently.

Delta reviews the carrying values of fixed assets for impairment whenever events or circumstances indicate that the carrying value of an asset may not be recoverable from the estimated future cash flows expected to result from its use and eventual disposition. When considered impaired, an impairment loss is recognized to the extent carrying value exceeds the fair value of the asset. There were no indicators of asset impairment during the year ended June 30, 2020.

Revenue and Revenue Recognition

Revenue is recognized when earned. Contributions are recognized when cash or notification of an entitlement is received. Conditional contributions, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met. At June 30, 2020, Delta did not have any conditional contributions that have not been recognized in the accompanying financial statements.

Contributions of goods are recorded at fair value. Contributions of services are recorded at fair value as revenue at the time the service is rendered when specialized skills are required and when Delta would otherwise purchase the services. No amounts have been reflected in the accompanying financial statements for contributed goods or services during the year being reported because items did not meet the definition above. Contributions with donor restrictions received are recorded as increases in net assets with donor restrictions. Net assets with donor restrictions received are recognized as revenue without donor restrictions when the terms of the restrictions are met, which may be in the same period if the revenue is received and the restriction satisfied during the same period. All contributions are considered to be available for use without donor restrictions unless specifically restricted by the donor.

The selling profit or loss under a sales-type lease is recognized upon the commencement of the lease, if the collection of payments is probable. Interest income is recognized over the term of the lease. An operating lease results in the recognition of lease income on a straight-line basis.

Debt Issuance Costs

Debt issuance costs are amortized over the period the related obligation is outstanding using the straight-line method, which is a reasonable approximation of the effective interest method. Debt issuance costs are included within bonds payable in the statement of financial position. Amortization of debt issuance costs is included in interest expense in the accompanying financial statements.

Functional Allocation of Expenses

The financial statements report categories of expenses that are attributed to program service activities or supporting services activities. The costs of program and supporting services activities have been presented according to the natural classification detail of expenses by function in the statements of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited based on management's estimates. All expenses, excluding depreciation and grant disbursements, are allocated on the basis of estimates of time and effort.

Income Taxes

Delta is organized as a California nonprofit corporation and has been recognized by the Internal Revenue Service (IRS) as exempt from federal income taxes under Section 501(a) of the Internal Revenue Code as an organization described in Section 501(c)(3), and qualifies for the charitable contribution deduction under Section 170(b)(1)(A)(vi). It is also exempt from State franchise and income taxes under Section 23701(d) of the California Revenue and Taxation Code. Delta is annually required to file a Return of Organization Exempt from Income Tax (Form 990) with the IRS. In addition, Delta is subject to income tax on net income that is derived from business activities that are unrelated to its exempt purposes. Delta determined that it is not subject to unrelated business income tax and has not filed an Exempt Organization Business Income Tax Return (Form 990-T) with the IRS. All subsidiaries qualify for exemption from the California state LLC fee under California Revenue and Taxation Code Section 23701(x). All subsidiaries qualify for exemption from the California state LLC fee under California Revenue and Taxation Code Section 23701(h). Accordingly, no provision for income taxes has been made. Delta files informational returns in the U.S. Federal jurisdiction, and the State of California. The statute of limitations for Federal and California State purposes is generally three and four years, respectively.

Management believes Delta has appropriate support for any tax positions taken affecting its annual filing requirements, and as such, does not have any uncertain tax positions that are material to the financial statements. Delta would recognize future accrued interest and penalties related to unrecognized tax benefits and liabilities in income tax expense if such interest and penalties are incurred.

Reclassification

Certain amounts in the prior period financial statements have been reclassified to conform to the presentation of the current period financial statements. These reclassifications had no effect on the previously reported net assets.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Accordingly, actual results could differ from those estimates.

Financial Instruments and Credit Risk

Deposit concentration risk is managed by placing cash, money market accounts, and certificates of deposit with financial institutions believed by management to be creditworthy. At times, amounts on deposit may exceed insured limits or include uninsured investments in money market mutual funds. To date, no losses have been experienced in any of these accounts. Credit risk associated with accounts receivable is considered to be limited due to high historical collection rates and because substantial portions of the outstanding amounts are due from governmental agencies supportive of the Delta's mission.

Recent Accounting Pronouncements

FASB Accounting Standards Codification Topic 606, *Revenue from Contracts with Customers*, as amended, supersedes or replaces nearly all GAAP revenue recognition guidance. These standards establish a new contract and control-based revenue recognition model, change the basis for deciding when revenue is recognized over time or at a point in time, and expand disclosures about revenue. Topic 606 is effective for Delta for the year ended June 30, 2021. Management is evaluating the impact of the adoption of this standard.

Change in Accounting Principle

Delta early adopted the new lease accounting guidance in Accounting Standards Update (ASU) No. 2016-02, *Leases* (Topic 842). Delta elected to apply the guidance as of July 1, 2019, the beginning of the adoption period. The comparative financial information and disclosures presented are in accordance with the legacy standard, Accounting Standards Codification (ASC) 840. The standard requires the recognition of right-of-use assets and lease liabilities and receivables for lease contracts with terms greater than 12 months. Operating lease costs are recognized in the income statement as a single lease cost and finance lease costs are recognized in two components, interest expense and amortization expense. Delta has elected the package of practical expedients permitted in ASC Topic 842. Accordingly, Delta accounted for its existing leases as an operating lease under the new guidance, without reassessing: (a) whether the contract contains a lease under ASC Topic 842; (b) whether classification of the operating lease would be different in accordance with ASC Topic 842; or (c) whether the unamortized initial direct costs before transition adjustments would have met the definition of initial direct costs in ASC Topic 842 at lease commencement.

For the lessor, under a sales-type lease, the selling profit or loss is recognized upon the commencement, if the collection of payments is probable. Interest income is recognized over the term of the lease. An operating lease results in the recognition of lease income on a straight-line basis, while the underlying leased asset remains on the lessor's balance sheet and continues to depreciate.

As a result of the adoption of the new lease accounting guidance, Delta recognized on July 1, 2019, the beginning of the adoption period, no cumulative effect adjustment to net assets. The adoption of the new standard did not materially impact the Delta's Statements of Activities or Statements of Cash Flows. See Note 13 for further disclosure of the Delta's lease contracts.

Delta has adopted the provisions of ASU 2018-08, *Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (ASU 2018-08) applicable to contributions received and has early adopted the provisions of contributions made. ASU 2018-08 clarifies and improves the scope and the accounting guidance for contributions received and contributions made. Management has adopted this standard because it assists Delta in evaluating whether transactions should be accounted for as contributions or exchange transactions and in determining whether a contribution is conditional. As of July 1, 2019, Delta has implemented the provisions of ASU 2018-08 on a modified prospective basis to agreements that were not completed as of the date of adoption or were entered after the date of adoption. Management has determined that the adoption of this standard did not have a significant impact on the Delta's financial statements.

On June 3, 2020, the FASB issued Accounting Standards Update (ASU) 2020-05, *Revenue from Contracts with Customers* (Topic 606) and *Leases* (Topic 842) Effective Dates for Certain Entities, as part of its efforts to support and assist stakeholders as they cope with the many challenges and hardships related to the COVID-19 pandemic.

ASU 2020-05 defers the effective date of FASB ASC 606, *Revenue from Contract with Customers*, for certain entities that have not yet issued their financial statements (or made financial statements available for issuance) reflecting the adoption of FASB ASC 606. Those entities may elect to adopt FASB ASC 606 for annual reporting periods beginning after December 15, 2019, and for interim reporting periods within annual reporting periods beginning after December 15, 2020. Those entities may elect to follow the original effective date of annual reporting periods beginning after December 15, 2018, and interim reporting periods within annual reporting periods beginning after December 15, 2019.

The effective date for a public business entity, a nonprofit entity that has issued, or is a conduit bond obligor for, securities that are traded, listed, or quoted on an exchange or an over-the-counter market, and an employee benefit plan that files or furnishes financial statements with or to the Securities and Exchange Commission is not affected by the amendments in this ASU.

Delta has adopted this standard as management believes the standard improves the usefulness and understandability of the Delta's financial reporting. Accordingly, there is no effect on net assets in connection with the implementation of ASU 2020-05.

Note 2 - Liquidity and Availability

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

Financial Assets	
Cash and cash equivalents	\$ 1,695,357
Accounts receivable	593,670
Prepaid and other assets	72,172
Financial assets available to meet cash needs for general expenditures within one year	\$ 2,361,199

Note 3 - Concentration of Credit Risk

Delta maintains deposit and money market accounts with several financial institutions. Deposits are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At times, cash in these deposit accounts exceeds the insured limits. At June 30, 2020, Delta had \$1,445,357 in excess of FDIC insured limits. Delta has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on its cash and cash equivalents. Money market accounts are not protected against loss however; Delta's money market accounts are held in AAA rated investments. At June 30, 2020, there was \$13,680,950 held in money market funds.

Note 4 - Restricted Cash and Investments

Restricted cash and investments arise from conditions required by the various financing arrangements. Financial statement classification is based on whether the restricted cash and investments are held to satisfy current or long-term obligations. Restricted investments consist of money market funds which are carried at fair value in accordance with current accounting guidance. Restricted cash and investment balance consist of the following at June 30, 2020 and 2019:

		2020					
		111th Place, LLC	12628 S. Avalon LLC	Manchester & 27th, LLC	1655 27th Street Facilities	Delta	Total
Restricted cash and Investments	Current	\$ -	\$ -	\$ 997,178	\$ -	\$ 6,091,829	\$ 7,089,007
	Noncurrent	605,589	2,027,844	230,002	105,012	3,623,497	6,591,944
		<u>\$ 605,589</u>	<u>\$ 2,027,844</u>	<u>\$ 1,227,180</u>	<u>\$ 105,012</u>	<u>\$ 9,715,326</u>	<u>\$ 13,680,951</u>
		2019					
		111th Place, LLC	12628 S. Avalon LLC	Manchester & 27th, LLC	1655 27th Street Facilities	Delta	Total
Restricted cash and Investments	Current	\$ 596,866	\$ -	\$ 432,525	\$ 123	\$ 15,717,290	\$ 16,746,804
	Noncurrent	-	2,038,709	774,052	-	4,033,163	6,845,924
		<u>\$ 596,866</u>	<u>\$ 2,038,709</u>	<u>\$ 1,206,577</u>	<u>\$ 123</u>	<u>\$ 19,750,453</u>	<u>\$ 23,592,728</u>

Note 5 - Accounts Receivable

Accounts receivable consist of the following at June 30, 2020 and 2019:

		2020				
		111th Place, LLC	8255 Beach LLC	12628 S. Avalon LLC	Manchester & 27th, LLC	1655 27th Street Facilities,
Local sources		<u>\$ 60,936</u>	<u>\$ 54,364</u>	<u>\$ 54,366</u>	<u>\$ -</u>	<u>\$ 82,933</u>
		810 East 111th LLC	8205 Beach LLC	12700 S. Avalon LLC	11044 Freeman LLC	Total
Local sources		<u>\$ 50,587</u>	<u>\$ 221,894</u>	<u>\$ 48,636</u>	<u>\$ 19,954</u>	<u>\$ 593,670</u>
		2019				
		111th Place, LLC	8255 Beach LLC	12628 S. Avalon LLC	Manchester & 27th, LLC	1655 27th Street Facilities,
Local sources		<u>\$ 2,769</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 17,559</u>	<u>\$ 150,000</u>
		810 East 111th LLC	8205 Beach LLC	12700 S. Avalon LLC	11044 Freeman LLC	Total
Local sources		<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 170,328</u>

Note 8 - Property and Equipment

Property and equipment consist of the following at June 30, 2020 and 2019:

	2020				
	111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	Manchester & 27th, LLC	1655 27th Street Facilities
Land	\$ 4,286,305	\$ 5,179,000	\$ 1,894,806	\$ 1,956,419	\$ 5,098,030
Construction in progress	-	-	-	-	-
Buildings and improvements	8,640,288	6,500,000	6,821,301	4,480,135	18,907,934
Equipment	-	-	-	436,078	-
Subtotal	12,926,593	11,679,000	8,716,107	6,872,632	24,005,964
Less: accumulated depreciation	(1,405,123)	(2,437,501)	(2,387,456)	(1,986,750)	(5,514,815)
	<u>\$ 11,521,470</u>	<u>\$ 9,241,499</u>	<u>\$ 6,328,651</u>	<u>\$ 4,885,882</u>	<u>\$ 18,491,149</u>
	810 East 111th, LLC	8205 Beach, LLC	12700 S. Avalon, LLC	Total	
Land	\$ 1,380,000	\$ 4,200,000	\$ 1,706,321	\$ 25,700,881	
Construction in progress	568,166	-	-	568,166	
Buildings and improvements	6,596,685	13,395,500	6,969,509	72,311,352	
Equipment	-	-	-	436,078	
Subtotal	8,544,851	17,595,500	8,675,830	99,016,477	
Less: accumulated depreciation	(773,892)	(74,166)	(406,555)	(14,986,258)	
	<u>\$ 7,770,959</u>	<u>\$ 17,521,334</u>	<u>\$ 8,269,275</u>	<u>\$ 84,030,219</u>	

	2019				
	111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	Manchester & 27th, LLC	1655 27th Street Facilities
Land	\$ 4,286,305	\$ 5,179,000	\$ 1,894,806	\$ 1,956,419	\$ 5,098,030
Construction in progress	18,848	-	-	-	-
Buildings and improvements	8,557,689	6,500,000	6,821,301	4,480,135	18,907,934
Equipment	-	-	-	436,078	-
Subtotal	12,862,842	11,679,000	8,716,107	6,872,632	24,005,964
Less: accumulated depreciation	(1,049,436)	(2,220,834)	(2,160,079)	(1,832,745)	(4,884,550)
	<u>\$ 11,813,406</u>	<u>\$ 9,458,166</u>	<u>\$ 6,556,028</u>	<u>\$ 5,039,887</u>	<u>\$ 19,121,414</u>
	810 East 111th, LLC	8205 Beach, LLC	12700 S. Avalon, LLC	Total	
Land	\$ 1,380,000	\$ -	\$ 1,706,321	\$ 21,500,881	
Construction in progress	74,824	6,959,357	-	7,053,029	
Buildings and improvements	6,596,685	-	6,969,509	58,833,253	
Equipment	-	-	-	436,078	
Subtotal	8,051,509	6,959,357	8,675,830	87,823,241	
Less: accumulated depreciation	(291,040)	-	(174,238)	(12,612,922)	
	<u>\$ 7,760,469</u>	<u>\$ 6,959,357</u>	<u>\$ 8,501,592</u>	<u>\$ 75,210,319</u>	

In connection with work in progress, Delta capitalized interest in the amount of \$232,626 and has entered into commitments for its construction projects. As of June 30, 2020, Delta has commitments \$2,493,994 of costs to incur to complete commitments on its projects.

Note 9 - Accounts Payable

Accounts payable and accruals balance consist of the following at June 30, 2020 and 2019:

		2020					
		111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	8205 Beach LLC	Delta	Total
Accruals		\$ -	\$ -	\$ -	\$ 902,180	\$ 22,769	\$ 924,949
		2019					
		111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	8205 Beach LLC	Delta	Total
Accruals		\$ -	\$ -	\$ -	\$ -	\$ 3,960	\$ 3,960

Note 10 - Accounts Payable – Related Party

Accounts payable – related party balance consist of the following at June 30, 2020 and 2019:

		2020			
		111th Place, LLC	Manchester & 27th, LLC	1655 27th Street Facilities	810 East 111th, LLC
GDPS CA		\$ 11,651	\$ 76,645	\$ -	\$ -
		8205 Beach, LLC	11044 Freman LLC	Delta	Total
GDPS CA		\$ -	\$ 16,428	\$ 152,859	\$ 257,583

	2019			
	111th Place, LLC	Manchester & 27th, LLC	1655 27th Street Facilities	810 East 111th, LLC
GDPS National	\$ -	\$ -	\$ -	\$ -
GDPS CA	<u>91,213</u>	<u>74,403</u>	<u>300</u>	<u>74,824</u>
Total accounts payable - related party	<u>\$ 91,213</u>	<u>\$ 74,403</u>	<u>\$ 300</u>	<u>\$ 74,824</u>
	8205 Beach, LLC	11044 Freman LLC	Delta	Total
GDPS National	\$ -	\$ -	\$ 150,000	\$ 150,000
GDPS CA	<u>168,228</u>	<u>16,428</u>	<u>-</u>	<u>425,396</u>
Total Accounts Payable - related party	<u>\$ 168,228</u>	<u>\$ 16,428</u>	<u>\$ 150,000</u>	<u>\$ 575,396</u>

Note 11 - Deferred Revenue

Deferred revenue balance consists of the following at June 30, 2020 and 2019:

	2020				
	111th Place, LLC	8255 Beach, LLC	8205 Beach LLC	1655 27th Street Facilities,	Total
Other sources	<u>\$ 107,050</u>	<u>\$ 76,707</u>	<u>\$ 126,994</u>	<u>\$ -</u>	<u>\$ 310,751</u>
	2019				
	111th Place, LLC	8255 Beach, LLC	8205 Beach LLC	1655 27th Street Facilities,	Total
Other sources	<u>\$ 107,049</u>	<u>\$ 76,707</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 183,756</u>

Note 12 - Bonds Payable

3425 Manchester LLC

Charter Revenue Bonds, Series 2011A-1 and 2011A-2

In July 2011, 3425 Manchester LLC obtained bond financing through the California Statewide Community Development Authority in the amount of \$8,260,000 secured by deed of trust by GDPS CA school facilities. The bonds mature on August 1, 2031 and August 1, 2041, with interest rates of 6.90-7.25 percent, respectively. Proceeds of the bonds were used to acquire school facilities for use by GDPS CA. Starting February 1, 2012, interest coupon payments are due semi-annually on February 1 and August 1. Bond principal payments are due annually beginning August 1, 2018 for series 2011A-1 and August 1, 2032 for series 2011A-2. Optional redemption on August 1, 2021. The bond agreement requires 3425 Manchester LLC to comply with various covenants, conditions and restrictions including maintaining certain financial ratios.

\$ 7,405,000

School Facility Revenue Bonds, Series 2015A and 2015B

Due diligence is performed annually and the investment rating of BBB- remains assigned to GDPS CA by Standard & Poor's. The bonds were priced on September 14, 2015 at a 4.95 percent weighted interest rate on a par amount of \$31,105,000. The bond transaction closed on September 29, 2015. Details of these bonds are as follows:

Series 2015A

Series 2015A consisted of \$26,710,000 in tax-exempt School Facility Revenue Bonds. The bonds mature from August 1, 2025 through August 1, 2045, with interest rates of 4.00-5.00 percent. Proceeds of the bonds will be used to to acquire, construct, expand, remodel, renovate, improve, furnish and equip school facilities for use by GDPS CA. Issuance secured by deed of trust on those school facilities. Starting February 1, 2016, interest coupon payments are due semi-annually on February 1 and August 1. Bond Principal payments are due annually on August 1, beginning August 1, 2023.

26,710,000

Series 2015B

Series 2015B consisted of \$4,395,000 in taxable School Facility Revenue Bonds. The bonds mature on August 1, 2023, with an interest rate of 5.00 percent. Proceeds of the bonds will be used to to acquire, construct, expand, remodel, renovate, improve, furnish and equip school facilities for use by GDPS CA. Issuance secured by deed of trust on those school facilities. Starting February 1, 2016, interest coupon payments are due semi-annually on February 1 and August 1. Bond Principal payments are due annually on August 1, beginning August 1, 2016.

2,410,000

School Facility Revenue Bonds, Series 2018A and 2018B

Due diligence is performed annually by Standard & Poor's and an investment grade rating of BBB- was assigned to GDPS CA. The bonds were priced on September 27, 2018 at a 5.00 percent weighted interest rate on a par amount of \$56,155,000. The bond transaction closed on October 11, 2018. Details of these bonds are as follows:

]

Series 2018A

Series 2018A consisted of \$55,570,000 in tax-exempt School Facility Revenue Bonds. The bonds mature on August 1, 2048, with interest rates of 5.00 percent. Proceeds of the bonds will be used to acquire, construct, expand, remodel, renovate, improve, furnish and equip school facilities for use by GDPS CA.

Issuance secured by deed of trust on those school facilities. Starting February 1, 2019, interest coupon payments are due semi-annually on February 1 and August 1. Bond Principal payments are due annually on August 1, beginning August 1, 2020.

\$ 55,570,000

Series 2018B

Series 2018B consisted of \$585,000 in taxable School Facility Revenue Bonds. The bonds mature on August 1, 2020, with interest rates of 5.00 percent. Proceeds of the bonds will be used to acquire, construct, expand, remodel, renovate, improve, furnish and equip school facilities for use by GDPS CA.

Issuance secured by deed of trust on those school facilities. Starting February 1, 2019, interest coupon payments are due semi-annually on February 1 and August 1. Bond Principal payments are due annually on August 1, beginning August 1, 2020.

585,000

Subtotal outstanding bonds

92,680,000

Premium on Charter Revenue Bonds, Series 2015A

639,322

Premium on School Facility Revenue Bonds, Series 2018A

4,035,436

Subtotal premium on bonds

4,674,758

Bond issuance costs on Charter Revenue Bonds, Series 2011

(486,773)

Bond issuance costs on Charter Revenue Bonds, Series 2015A and 2015B

(1,014,258)

Bond issuance costs on Charter Revenue Bonds, Series 2018A and 2018B

(1,277,002)

Subtotal debt issuance costs on bonds

(2,778,033)

Total

\$ 94,576,725

Future maturities of bonds payable are as follows:

Fiscal Year Ending June 30,		
2021	\$	1,630,000
2022		1,715,000
2023		1,810,000
2024		1,900,000
2025		2,000,000
Thereafter		83,625,000
Total future maturities		92,680,000
Plus: unamortized premium		4,674,758
Less: unamortized debt issuance costs		(2,778,033)
		\$ 94,576,725

Note 13 - Leases

Finance Lease

Delta leases certain real property commonly known by the street address of 840 East 111th Place, Los Angeles, California for 30 years under long-term, non-cancelable finance lease agreements. The lease expires on December 31, 2049 and provides for a renewal option of 5 years. Delta included in the determination of the lease liability any renewal options when the options are reasonably certain to be exercised. The lease provides for increases in future minimum annual rental payments based on defined increases in the Consumer Price Index, subject to certain minimum increases. Also, the agreements generally require Delta to pay real estate taxes, insurance, and repairs.

Delta elected the option to use the risk-free rate determined using a period comparable to the lease terms as the discount rate.

Delta has elected the short-term lease exemption for all leases with a term of 12 months or less for both existing and ongoing operating leases to not recognize the asset and liability for these leases. Lease payments for short-term leases are recognized on straight-line basis. Delta did not have any short-term leases in the 2020 fiscal year.

Delta has elected the practical expedient not to separate lease and non-lease components for real estate leases.

Total lease costs for the year ended June 30, 2020 were as follows:

	2020
Finance lease cost	
Interest expense	\$ 133,735

The following table summarizes the supplemental cash flow information for the year ended June 30, 2020:

	2020
Cash paid for amounts included in the measurement of lease liabilities	
Operating cash flows from finance leases	\$ 133,735
Financing cash flows from finance leases	41,555

The following summarizes the weighted-average remaining lease term and weight-average discount rate for the year ended June 30, 2020:

	2020
Weighted-average remaining lease term:	
Finance leases	33.9 Years
Weighted-average discount rate:	
Finance leases	2.27%

The future minimum lease payments under noncancelable finance lease with terms greater than one year are listed below as of June 30, 2020.

Fiscal Year Ending June 30,		
2021	\$	315,120
2022		321,422
2023		327,851
2024		334,408
2025		341,096
Thereafter		13,445,537
Total lease payments		15,085,434
Less interest		(5,012,552)
Present value of lease liabilities	\$	10,072,882

Sales-type lease

Delta, as a lessor, entered into a 30-year sales-type sub-lease agreement with GDPS CA, a related party, for the operation of charter schools. This resulted in Delta not recording a right-of-use asset, as it is recorded on the financial statements of GDPS CA.

The following is a maturity analysis of the annual undiscounted cash flows of the sales-type lease payments to be received as of June 30, 2020:

Fiscal Year Ending June 30,	
2021	\$ 315,120
2022	321,422
2023	327,851
2024	334,408
2025	341,096
Thereafter	<u>13,445,537</u>
Total sales-type lease payments	15,085,434
Less: unearned interest income	<u>(5,012,552)</u>
Total	<u><u>\$ 10,072,882</u></u>
Current portion	\$ 87,353
Long-term portion	<u>9,985,529</u>
Total	<u><u>\$ 10,072,882</u></u>

Operating Leases

Operating leases arise from Delta's subsidiaries leasing property to GDPS CA, a related party, for the operation of charter schools. Initial lease terms generally range from 14 to 30 years. Depreciation expense for assets subject to operating leases is provided primarily on the straight-line method over the term of the lease in amounts necessary to reduce the carrying amount of the asset to its estimated residual value. Estimated and actual residual values are reviewed on a regular basis to determine that depreciation amounts are appropriate. Depreciation expense relating to buildings held as investments in operating leases was \$2,343,203 for the year ended June 30, 2020.

Investments in operating leases are as follows at June 30, 2020:

	2020				
	111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	Manchester & 27th, LLC	1655 27th Street Facilities,
Land and Buildings, at cost	\$ 12,926,592	\$ 11,679,000	\$ 8,716,107	\$ 6,436,553	\$ 22,808,128
Accumulated depreciation	<u>(1,405,124)</u>	<u>(2,437,502)</u>	<u>(2,387,455)</u>	<u>(1,550,671)</u>	<u>(5,165,445)</u>
Net investments in operating leases	<u><u>\$ 11,521,468</u></u>	<u><u>\$ 9,241,498</u></u>	<u><u>\$ 6,328,652</u></u>	<u><u>\$ 4,885,882</u></u>	<u><u>\$ 17,642,683</u></u>

	2020			
	810 East 111th, LLC	8205 Beach, LLC	12700 S. Avalon, LLC	Total
Land and Buildings, at cost	\$ 10,779,723	\$ 17,595,500	\$ 8,531,607	\$ 99,473,210
Accumulated depreciation	(787,920)	(74,162)	(398,142)	(14,206,421)
Net investments in operating leases	<u>\$ 9,991,803</u>	<u>\$ 17,521,338</u>	<u>\$ 8,133,465</u>	<u>\$ 85,266,789</u>

	2019				
	111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	Manchester & 27th, LLC	1655 27th Street Facilities,
Land and Buildings, at cost	\$ 12,843,993	\$ 11,679,000	\$ 8,716,107	\$ 6,436,553	\$ 22,808,128
Accumulated depreciation	(1,044,062)	(2,220,835)	(2,160,079)	(1,396,666)	(4,575,109)
Net investments in operating leases	<u>\$ 11,799,931</u>	<u>\$ 9,458,165</u>	<u>\$ 6,556,028</u>	<u>\$ 5,039,887</u>	<u>\$ 18,233,019</u>

	2019			
	810 East 111th, LLC	8205 Beach, LLC	12700 S. Avalon, LLC	Total
Land and Buildings, at cost	\$ 7,941,924	\$ -	\$ 8,531,607	\$ 78,957,312
Accumulated depreciation	(290,462)	-	(170,632)	(11,857,845)
Net investments in operating leases	<u>\$ 7,651,462</u>	<u>\$ -</u>	<u>\$ 8,360,975</u>	<u>\$ 67,099,467</u>

The following is a maturity analysis of the annual undiscounted cash flows of the operating lease payments to be received as of June 30, 2020:

Ending June 30,	111th Place, LLC	8255 Beach, LLC	12628 S. Avalon, LLC	Manchester & 27th, LLC	1655 27th Street Facilities,
2021	\$ 764,557	\$ 1,227,151	\$ 650,780	\$ 684,277	\$ 1,075,332
2022	764,525	1,227,102	650,748	684,229	1,075,292
2023	764,491	1,227,050	650,714	684,177	995,250
2024	764,456	1,226,996	650,679	684,121	995,206
2025	764,419	1,226,940	650,642	684,061	995,160
Thereafter	18,261,553	28,192,434	15,530,913	10,932,481	26,830,088
	<u>\$ 22,084,001</u>	<u>\$ 34,327,673</u>	<u>\$ 18,784,476</u>	<u>\$ 14,353,346</u>	<u>\$ 31,966,328</u>

Fiscal Year Ending June 30,	810 East 111th, LLC	8205 Beach, LLC	12700 S. Avalon, LLC	Total
2021	\$ 607,023	\$ 1,227,151	\$ 583,713	\$ 6,819,984
2022	607,447	1,227,102	583,690	6,820,135
2023	607,463	1,227,050	583,665	6,739,860
2024	607,069	1,226,996	583,640	6,739,163
2025	607,082	1,226,940	583,613	6,738,857
Thereafter	16,365,041	28,192,434	15,734,540	160,039,484
	<u>\$ 19,401,125</u>	<u>\$ 34,327,673</u>	<u>\$ 18,652,861</u>	<u>\$ 193,897,483</u>

Total lease income for the year ended June 30, 2020 and 2019 were as follows:

	<u>2020</u>	<u>2019</u>
Sales-type lease income	\$ 133,631	\$ -
Operating lease income	<u>5,718,530</u>	<u>4,496,484</u>
Total lease income	<u>\$ 5,852,161</u>	<u>\$ 4,496,484</u>

Note 14 - Financial Instruments:

The carrying amounts and estimated fair values of Delta's financial instruments as of June 30, 2020, are as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash and cash equivalents	\$ 1,695,357	\$ 1,695,357
Restricted cash and investments	13,680,951	13,680,951
Bonds payable	<u>92,680,000</u>	<u>91,897,103</u>
	<u>\$ 108,056,308</u>	<u>\$ 107,273,411</u>

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

Cash and cash equivalents - The carrying amount reported in the statement of financial position approximates fair value because of the short maturity of those instruments.

Restricted cash and investments - The carrying amount reported in the statement of financial position approximates fair value from quoted prices in active markets for identical assets.

Bonds Payable - The fair values of bonds payable are based on quoted market prices for the same issues. The carrying amount reported in the statement of financial position approximates fair value.

Per FASB ASC 825-10-50, Delta must disclose the fair market value of its financial instruments despite being a nonprofit corporation as the entity meets the definition of a "publicly held organization." Delta qualifies as a publicly held organization due to the Manchester Bonds Payable, which makes Delta a conduit bond obligor for conduit debt securities that are traded in a public market. Please note that the holder of the note is not Delta.

Note 15 - Related Party

Delta, a California nonprofit public benefit corporation, was formed to support GDPS CA. GDPS CA is the sole member of Delta.

Green Dot Public School National (GDPS National) is a national organization providing finance and accounting services to Delta and other related entities. In exchange, Delta pays service fees to GDPS National. During the year ended June 30, 2020, Delta paid service fees of \$150,000 to GDPS National.

Note 16 - Subsequent Events

On September 15, 2020, 4360 Dozier LLC entered into two loan agreements for a total of \$12,208,000 to purchase the facility located at Animo Ellen Ochoa Charter School from Pacific Charter School Development.

Subsequent to year-end, Delta has been negatively impacted by the effects of the world-wide coronavirus pandemic. Delta is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation. As of the issuance date of these financial statements, the full impact to the Delta's financial position is not known beyond increased cash flow monitoring.



Supplementary Information
June 30, 2020

Delta Properties, Inc.

Delta Properties, Inc.
Consolidating Statement of Financial Position
June 30, 2020

	111th Place LLC	8255 Beach LLC	12628 S. Avalon LLC	Manchester & 27th LLC
Assets				
Current assets				
Cash and cash equivalents	\$ 586,030	\$ 58,059	\$ 45,044	\$ 19,462
Restricted cash and investments	-	-	-	997,178
Accounts receivable	60,936	54,364	54,366	-
Accounts receivable - related party	-	10,000	10,000	-
Inter-company accounts receivable	689,766	622,585	590,424	-
Prepaid expenses	-	-	-	-
Current portion of sales-type lease receivable	-	-	-	-
Note receivable - related party, current portion	-	-	-	-
Total current assets	<u>1,336,732</u>	<u>745,008</u>	<u>699,834</u>	<u>1,016,640</u>
Non-current assets				
Security deposit	-	-	-	-
Restricted cash and investments	605,589	-	2,027,844	230,002
Operating lease receivable	23,360	-	-	1,903
Inter-company accounts receivable	-	-	-	-
Sales-type lease receivable, less current portion	-	-	-	-
Note receivable - related party	-	-	-	-
Property and equipment, net	11,521,470	9,241,499	6,328,651	4,885,882
Total non-current assets	<u>12,150,419</u>	<u>9,241,499</u>	<u>8,356,495</u>	<u>5,117,787</u>
Total Assets	<u>\$ 13,487,151</u>	<u>\$ 9,986,507</u>	<u>\$ 9,056,329</u>	<u>\$ 6,134,427</u>
Liabilities				
Current liabilities				
Accounts payable and accruals	\$ -	\$ -	\$ -	\$ -
Accounts payable - related party	11,651	-	-	76,645
Interest payable	222,000	189,144	189,144	219,771
Inter-company accounts payable	-	-	-	14,155
Deferred revenue	107,050	76,707	-	-
Deferred revenue from operating lease	-	1,982	11,567	-
Current portion of finance lease liability	-	-	-	-
Current portion of bonds payable	193,333	193,333	193,334	150,000
Total current liabilities	<u>534,034</u>	<u>461,166</u>	<u>394,045</u>	<u>460,571</u>
Long-term liabilities				
Finance lease liability, less current portion	-	-	-	-
Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium	10,597,448	8,794,635	8,798,741	6,768,227
Total long-term liabilities	<u>10,597,448</u>	<u>8,794,635</u>	<u>8,798,741</u>	<u>6,768,227</u>
Total liabilities	<u>11,131,482</u>	<u>9,255,801</u>	<u>9,192,786</u>	<u>7,228,798</u>
Net Assets				
Without donor restriction	2,355,669	730,706	(136,457)	(1,094,371)
Total liabilities and net assets	<u>\$ 13,487,151</u>	<u>\$ 9,986,507</u>	<u>\$ 9,056,329</u>	<u>\$ 6,134,427</u>

See Notes to Supplementary Information

Delta Properties, Inc.
Consolidating Statement of Financial Position
June 30, 2020

	1655 27th St. Facilities LLC	810 East 111th LLC	8205 Beach LLC	12700 S. Avalon LLC
Assets				
Current assets				
Cash and cash equivalents	\$ 227,217	\$ 5,099	\$ 223,818	\$ 417
Restricted cash and investments	-	-	-	-
Accounts receivable	82,933	50,587	221,894	48,636
Accounts receivable - related party	80,000	225,000	151,258	-
Inter-company accounts receivable	1,777,164	2,499,605	2,969,364	955,894
Prepaid expenses	-	26,000	-	-
Current portion of sales-type lease receivable	-	87,353	-	-
Note receivable - related party, current portion	-	-	-	-
Total current assets	<u>2,167,314</u>	<u>2,893,644</u>	<u>3,566,334</u>	<u>1,004,947</u>
Non-current assets				
Security Deposit	-	46,172	-	-
Restricted cash and investments	105,012	-	-	-
Operating lease receivable	168	100	-	99
Inter-company accounts receivable	-	-	-	-
Sales-type lease receivable, less current portion	-	9,985,529	-	-
Note receivable - related party	-	-	-	-
Property and equipment	18,491,149	7,770,959	17,521,334	8,269,275
Total non-current assets	<u>18,596,329</u>	<u>17,802,760</u>	<u>17,521,334</u>	<u>8,269,374</u>
	<u>\$ 20,763,643</u>	<u>\$ 20,696,404</u>	<u>\$ 21,087,668</u>	<u>\$ 9,274,321</u>
Liabilities				
Current liabilities				
Accounts payable and accruals	\$ -	\$ -	\$ 902,180	\$ -
Accounts payable - related party	-	-	-	-
Interest payable	312,603	190,668	384,117	183,326
Inter-company accounts payable	-	-	-	-
Deferred revenue	-	-	126,994	-
Deferred revenue from operating lease	-	-	130,381	-
Current portion of finance lease liability	-	87,353	-	-
Current portion of bonds payable	240,482	146,687	295,505	141,030
Total current liabilities	<u>553,085</u>	<u>424,708</u>	<u>1,839,177</u>	<u>324,356</u>
Long-term liabilities				
Finance lease liability, less current portion	-	9,985,529	-	-
Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium	15,521,644	9,502,570	19,143,157	9,136,124
Total long-term liabilities	<u>15,521,644</u>	<u>19,488,099</u>	<u>19,143,157</u>	<u>9,136,124</u>
Total liabilities	<u>16,074,729</u>	<u>19,912,807</u>	<u>20,982,334</u>	<u>9,460,480</u>
Net Assets				
Without donor restriction	4,688,914	783,597	105,334	(186,159)
Total liabilities and net assets	<u>\$ 20,763,643</u>	<u>\$ 20,696,404</u>	<u>\$ 21,087,668</u>	<u>\$ 9,274,321</u>

See Notes to Supplementary Information

Delta Properties, Inc.
Consolidating Statement of Financial Position
June 30, 2020

	11044 Freman LLC	Delta	Inter-company Eliminations	Total
Assets				
Current assets				
Cash and cash equivalents	\$ -	\$ 530,211	\$ -	\$ 1,695,357
Restricted cash and investments	-	6,091,829	-	7,089,007
Accounts receivable	19,954	-	-	593,670
Accounts receivable - related party	-	-	-	476,258
Inter-company accounts receivable	170,618	-	(10,275,420)	-
Prepaid expenses	-	-	-	26,000
Current portion of sales-type lease receivable	-	-	-	87,353
Note receivable - related party, current portion	80,111	-	-	80,111
Total current assets	<u>270,683</u>	<u>6,622,040</u>	<u>(10,275,420)</u>	<u>10,047,756</u>
Non-current assets				
Security Deposit	-	-	-	46,172
Restricted cash and investments	-	3,623,497	-	6,591,944
Operating lease receivable	-	-	-	25,630
Inter-company accounts receivable	-	-	-	-
Sales-type lease receivable, less current portion	-	-	-	9,985,529
Note receivable - related party	4,610,425	-	-	4,610,425
Property and equipment	-	-	-	84,030,219
Total non-current assets	<u>4,610,425</u>	<u>3,623,497</u>	<u>-</u>	<u>105,289,919</u>
	<u>\$ 4,881,108</u>	<u>\$ 10,245,537</u>	<u>\$ (10,275,420)</u>	<u>\$ 115,337,675</u>
Liabilities				
Current liabilities				
Accounts payable and accruals	\$ -	\$ 22,769	\$ -	\$ 924,949
Accounts payable - related party	16,428	152,859	-	257,583
Interest payable	99,172	-	-	1,989,945
Inter-company accounts payable	-	10,261,265	(10,275,420)	-
Deferred revenue	-	-	-	310,751
Deferred revenue from operating lease	-	-	-	143,930
Current portion of finance lease liability	-	-	-	87,353
Current portion of bonds payable	76,296	-	-	1,630,000
Total current liabilities	<u>191,896</u>	<u>10,436,893</u>	<u>(10,275,420)</u>	<u>5,344,511</u>
Long-term liabilities				
Finance lease liability, less current portion	-	-	-	9,985,529
Bonds payable, less current portion and net of unamortized bond issuance costs and bond premium	4,684,179	-	-	92,946,725
Total long-term liabilities	<u>4,684,179</u>	<u>-</u>	<u>-</u>	<u>102,932,254</u>
Total liabilities	<u>4,876,075</u>	<u>10,436,893</u>	<u>(10,275,420)</u>	<u>108,276,765</u>
Net Assets				
Without donor restriction	5,033	(191,356)	-	7,060,910
Total liabilities and net assets	<u>\$ 4,881,108</u>	<u>\$ 10,245,537</u>	<u>\$ (10,275,420)</u>	<u>\$ 115,337,675</u>

See Notes to Supplementary Information

Delta Properties, Inc.
Consolidating Statement of Activities
June 30, 2020

	111th Place LLC	8255 Beach LLC	12628 S. Avalon LLC	Manchester & 27th LLC
Net Assets Without Donor Restriction				
Revenue and support				
Lease income	\$ 764,587	\$ 660,394	\$ 650,810	\$ 684,322
Interest income	21,518	10,882	22,148	14,363
Other income	41,210	19,391	15,205	47,072
Total revenue and support	<u>827,315</u>	<u>690,667</u>	<u>688,163</u>	<u>745,757</u>
Expenses				
Program services				
Interest	540,154	473,752	473,612	491,467
Other expenses	31,153	11,352	8,956	35,149
Management and general				
Operating expenses	<u>4,738</u>	<u>4,015</u>	<u>3,680</u>	<u>13,912</u>
Total expenses before depreciation and amortization	<u>576,045</u>	<u>489,119</u>	<u>486,248</u>	<u>540,528</u>
Change in net assets before depreciation and amortization	<u>251,270</u>	<u>201,548</u>	<u>201,915</u>	<u>205,229</u>
Depreciation and amortization	<u>355,687</u>	<u>216,667</u>	<u>227,377</u>	<u>154,005</u>
Change in Net Assets Without Donor Restriction	(104,417)	(15,119)	(25,462)	51,224
Net Assets, Beginning of the Year	<u>2,460,086</u>	<u>745,825</u>	<u>(110,995)</u>	<u>(1,145,595)</u>
Net Assets, End of Year	<u>\$ 2,355,669</u>	<u>\$ 730,706</u>	<u>\$ (136,457)</u>	<u>\$ (1,094,371)</u>

Delta Properties, Inc.
Consolidating Statement of Activities
June 30, 2020

	1655 27th St. Facilities LLC	810 East 111th LLC	8205 Beach LLC	12700 S. Avalon LLC
Net Assets Without Donor Restriction				
Revenue and support				
Lease income	\$ 1,075,370	\$ 581,149	\$ 718,162	\$ 583,736
Interest income	32,642	167,466	123,384	9,368
Other income	-	52,563	105,073	25,744
Total revenue and support	<u>1,108,012</u>	<u>801,178</u>	<u>946,619</u>	<u>618,848</u>
Expenses				
Program services				
Interest	724,818	341,171	147,563	423,100
Other expenses	5,760	13,300	105,063	22,609
Management and general				
Operating expenses	<u>22,765</u>	<u>1,010</u>	<u>10</u>	<u>3,859</u>
Total expenses before depreciation and amortization	<u>753,343</u>	<u>355,481</u>	<u>252,636</u>	<u>449,568</u>
Change in net assets before depreciation and amortization	<u>354,669</u>	<u>445,697</u>	<u>693,983</u>	<u>169,280</u>
Depreciation and amortization	<u>630,265</u>	<u>482,852</u>	<u>74,166</u>	<u>232,317</u>
Change in Net Assets Without Donor Restriction	(275,596)	(37,155)	619,817	(63,037)
Net Assets, Beginning of the Year	<u>4,964,510</u>	<u>820,752</u>	<u>(514,483)</u>	<u>(123,122)</u>
Net Assets, End of Year	<u>\$ 4,688,914</u>	<u>\$ 783,597</u>	<u>\$ 105,334</u>	<u>\$ (186,159)</u>

Delta Properties, Inc.
Consolidating Statement of Activities
June 30, 2020

	11044 Freman LLC	Delta	Total
Net Assets Without Donor Restriction			
Revenue and support			
Lease income	\$ -	\$ -	\$ 5,718,530
Interest income	239,447	-	641,218
Other income	260	11,336	317,854
	<u>239,707</u>	<u>11,336</u>	<u>6,677,602</u>
Expenses			
Program services			
Interest	238,019	-	3,853,656
Other expenses	-	-	233,342
Management and general			
Operating expenses	1,260	161,918	217,167
	<u>239,279</u>	<u>161,918</u>	<u>4,304,165</u>
Total expenses before depreciation and amortization			
	<u>428</u>	<u>(150,582)</u>	<u>(150,154)</u>
Change in net assets before depreciation and amortization			
	<u>-</u>	<u>-</u>	<u>2,373,336</u>
Depreciation and amortization			
Change in Net Assets Without Donor Restriction	428	(150,582)	101
Net Assets, Beginning of the Year	<u>4,605</u>	<u>(40,774)</u>	<u>7,060,809</u>
Net Assets, End of Year	<u>\$ 5,033</u>	<u>\$ (191,356)</u>	<u>\$ 7,060,910</u>