

CALIFORNIA HUMAN DEVELOPMENT CORPORATION

**CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND UNIFORM GUIDANCE REPORTS**

FOR THE YEAR ENDED JUNE 30, 2018

**IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS**

**CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED FINANCIAL STATEMENTS,
SUPPLEMENTARY INFORMATION
AND UNIFORM GUIDANCE REPORTS
FOR THE YEAR ENDED JUNE 30, 2018**

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
California Human Development Corporation
Santa Rosa, California

Report on Financial Statements

We have audited the accompanying consolidated financial statements of California Human Development Corporation (CHD), a non-profit organization, which comprise the consolidated statement of financial position as of June 30, 2018, and the related consolidated statements of activities, the consolidated statement of functional expenses, the consolidated cash flows for the year then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Organization'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 Organization'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.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of California Human Development Corporation as of June 30, 2018, 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.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements of California Human Development Corporation as a whole. The accompanying supplementary information is presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion; the information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2019 on our consideration of California Human Development Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering California Human Development Corporation's internal control over financial reporting and compliance.



San Francisco, California
January 30, 2019

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

Assets:

Current Assets:

| | |
|--|------------------|
| Cash | \$ 270,654 |
| Beneficial Interest in Assets Held by Community Foundation | 14,185 |
| Investment - Opportunity Fund | 99,253 |
| Other receivable | 18,134 |
| Grants receivable | 2,106,779 |
| Prepaid expenses | 97,186 |
| Total Current assets | 2,606,191 |

Non-current Assets:

| | |
|----------------------------------|------------------|
| Note Receivable - Ortiz Plaza LP | 449,650 |
| Restricted deposit: | |
| Tenant security deposits | 83,152 |
| Replacement reserves | 474,925 |
| Operating reserves | 20,346 |
| Total Non-current assets | 1,028,073 |

Fixed Assets:

| | |
|--|---------------------|
| Construction in progress | 364,882 |
| Fixed assets (net of accumulated depreciation) | 5,572,223 |
| Total Fixed assets | 5,937,105 |
| Total Assets | \$ 9,571,369 |

Liabilities and Net Assets:

Liabilities:

Current Liabilities:

| | |
|--|------------------|
| Accounts payable | \$ 572,147 |
| Accrued salaries and benefits | 583,532 |
| Deferred revenues | 597,994 |
| Loan payable | |
| Lines of Credit | 96,359 |
| Current portion of long term obligations | 290,247 |
| Total current liabilities | 2,140,279 |

Long-term Liabilities:

| | |
|------------------------------------|------------------|
| Tenant security deposit liability | 81,483 |
| Interest payable | 430,435 |
| Long term obligations | 4,321,383 |
| Total long-term liabilities | 4,833,301 |
| Total Liabilities | 6,973,580 |

Net Assets:

| | |
|---|---------------------|
| Unrestricted | 2,583,604 |
| Temporarily restricted | - |
| Permanently restricted | 14,185 |
| Total net assets | 2,597,789 |
| Total Liabilities and Net Assets | \$ 9,571,369 |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

| | Unrestricted | Temporarily Restricted | Permanently Restricted | Total |
|--|---------------------|---------------------------|---------------------------|---------------------|
| Revenues: | | | | |
| Grant and program income | \$ 17,269,581 | \$ - | \$ - | \$ 17,269,581 |
| Contribution | 218,577 | - | - | 218,577 |
| Other | 205,889 | - | 838 | 206,727 |
| | <u>17,694,047</u> | <u>-</u> | <u>838</u> | <u>17,694,885</u> |
| Total Support and Revenue | | | | |
| | <u>17,694,047</u> | <u>-</u> | <u>838</u> | <u>17,694,885</u> |
| Expenses: | | | | |
| Program services | | | | |
| Community resource services | 6,520,632 | - | - | 6,520,632 |
| Employment training services | 5,003,045 | - | - | 5,003,045 |
| Development disabled services | 1,456,932 | - | - | 1,456,932 |
| Housing services | 2,958,370 | - | - | 2,958,370 |
| R House | 176,828 | - | - | 176,828 |
| Total Program Services | <u>16,115,807</u> | <u>-</u> | <u>-</u> | <u>16,115,807</u> |
| Supporting services: | | | | |
| Management and general | 1,463,500 | - | - | 1,463,500 |
| Fundraising | 10,674 | - | - | 10,674 |
| Total Supporting Services | <u>1,474,174</u> | <u>-</u> | <u>-</u> | <u>1,474,174</u> |
| Total Expenses | <u>17,589,981</u> | <u>-</u> | <u>-</u> | <u>17,589,981</u> |
| Change in net assets | 104,066 | - | 838 | 104,904 |
| Net assets, beginning of year | 2,490,864 | - | 13,347 | 2,504,211 |
| Dep. Exp. on F/A purchased with Grant Fund | <u>(11,326)</u> | <u>-</u> | <u>-</u> | <u>(11,326)</u> |
| Net Assets, end of year | <u>\$ 2,583,604</u> | <u>\$ -</u> | <u>\$ 14,185</u> | <u>\$ 2,597,789</u> |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES

| | |
|--|----------------|
| Change in net assets | \$ 104,904 |
| <i>Adjustments to reconcile change in net assets to net cash provided by operating activities:</i> | |
| Depreciation | 439,103 |
| <i>Decrease (increase) in:</i> | |
| Beneficial Interest in Assets hold by Community Foundation | (838) |
| Opportunity Fund | (30,174) |
| Other receivable | (3,687) |
| Grants receivable | (282,018) |
| Prepaid expenses | 131,201 |
| Note receivable - Ortiz Plaza LP | (109,650) |
| Tenant security deposits | (1,584) |
| Replacement reserves | (15,153) |
| Operating reserves | (32) |
| <i>Increase (decrease) in:</i> | |
| Accounts payable | (255,032) |
| Accrued salaries and benefits | 52,911 |
| Deferred revenues | 189,541 |
| Other current liabilities | (35,822) |
| Tenant security deposit liability | 4,586 |
| Interest payable | 20,713 |
| Net cash provided by operating activities | <u>208,969</u> |

CASH FLOWS FROM INVESTING ACTIVITIES

| | |
|---|------------------|
| Purchase of property and equipment | <u>(100,386)</u> |
| Net cash provided by investing activities | <u>(100,386)</u> |

CASH FLOWS FROM FINANCING ACTIVITIES

| | |
|---------------------------------------|------------------|
| Reduction of long-term debt | <u>(288,983)</u> |
| Net cash used in financing activities | <u>(288,983)</u> |

NET INCREASE (DECREASE) IN CASH

| | |
|---------------------------|--------------------------|
| | (180,400) |
| Cash at beginning of year | <u>451,054</u> |
| Cash at end of year | <u><u>\$ 270,654</u></u> |

SUPPLEMENTARY INFORMATION

| | |
|---------------|--------------------------|
| Interest Paid | <u><u>\$ 139,061</u></u> |
|---------------|--------------------------|

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

FISCAL YEAR ENDED JUNE 30, 2018Total

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CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 1 – ORGANIZATION

California Human Development Corporation (CHD) was formed as a public benefit corporation under the laws of the State of California in 1967 to provide advancement of education, improvement of the social conditions and expanded job opportunities of low-income, unemployed and underemployed persons. Guided by a volunteer, community-based, tripartite (private, public and low income) board of directors, CHD creates paths and opportunities for people to rise above barriers in their pursuit of a better life through education, training, housing and other services throughout communities in northern California. Family-focused and cost-effective comprehensive programs allow CHD to serve a varied client group including low-income children, at-risk youth, farm workers, day laborers, recent immigrants, seniors, individuals with disabilities, adults in recovery, displaced workers, and Cal/Works recipients.

CHD is especially vulnerable to the inherent risks associated with revenue that is substantially dependent on government funding, public support, and contributions. The continued growth and well-being of CHD is contingent upon successful achievement of its long-term revenue and program performance goals.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Basis of Presentation

The accompanying consolidated financial statements of CHD have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity, such as security deposit, replacement reserves, and operating reserves. CHD typically maintains cash on deposit in banks in excess of the Federal Deposit Insurance Corporation limit. However, CHD has not experienced any losses in such accounts. CHD believes that it is not exposed to any significant cash credit risk.

Grant Receivable / Other Receivables

CHD considers Grant Receivable / Other Receivables to be fully collectable; accordingly, no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operation when that determination is made.

Tenant Security Deposits

CHD is required to hold security deposits in separate bank accounts in the name of Mahal Plaza and Aytch Plaza housing projects.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment acquired using unrestricted net assets are considered owned by CHD. Property and equipment are carried at cost, if purchased. Contributed assets are stated at fair market value at the date of contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the asset. Acquisitions of at least \$5,000 are capitalized and depreciated over its useful life.

Title to assets purchased with government funds are vested in the name of CHD for use in the respective programs. However, the funding source may maintain a reversionary interest in the property as well as in the determination of use of any proceeds from the sale of the assets.

Compensated Absences

Employees of CHD, begin to earn paid vacation time from their date of employment and accrue hours toward personal leave for each bi-weekly pay period. This accumulation of hours, if not used within the calendar year, is carried over and available in subsequent periods. Accrued personal leave hours, when used by employees, are paid based upon the prevailing authorized pay rate.

Contributions

Contributions, including unconditional promises to give, are recorded as made. All contributions are available for unrestricted use unless specifically restricted by the donor. Conditional promises to give are recognized when the conditions on which they depend are substantially met. Unconditional promises to give due in the next year are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reported at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are to be received.

Donated Services

Donated services are recognized by the Organization if the services create or enhance an asset or require specialized skills which would otherwise have been purchased if they had not been donated by entities or persons providing such services.

Estimates

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

Principles of Consolidation

The consolidated financial statements include the accounts of CHD, Ortiz Plaza LLC, CHDC Management Company, R House, Inc. and Stonehouse Campus LLC. All significant interrelated items and transactions have been eliminated in the consolidation.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

Functional Allocations of Expenses

The costs of providing the various programs and supporting services have been summarized on a functional basis in the statement of activities and statement of functional expenses. Accordingly, certain costs have been allocated among programs and supporting services based on estimates of employees' time incurred and on usage of resources.

CHD charges programs that it administers an indirect expense based on a rate approved by the U.S. Department of Labor (DOL), Division of Cost Determination. The approved rate for the year ended June 30, 2018 was 13.54% of allowable direct costs. The amount of indirect expense allowable by programs generally is also limited in amount by the terms and provisions of each grant and contract, and the approved rate is adjusted accordingly.

NOTE 3 – INCOME TAXES

CHD is a non-profit organization exempt from payment of federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Management believes CHD has no uncertain tax positions as of June 30, 2018.

NOTE 4 – RESTRICTED DEPOSITS

CHD is required to maintain reserves for replacement and repair of property and equipment in accordance with lenders' regulatory agreement. The replacement reserves are required to be funded in the annual aggregate amount of \$83,670 and \$5,496 for Mahal Plaza and Aytch Plaza housing projects respectively.

CHD is required to maintain an operating reserve in accordance with lender's regulatory agreement. The operating reserve is to be funded in an annual amount of \$1,477 for Aytch Plaza.

CHD's restricted deposits for the fiscal year ended June 30, 2018, are as follows:

| | <u>Replacement Reserves</u> | | | <u>Operating Reserve</u> |
|-----------------|-----------------------------|------------------|-------------------|--------------------------|
| | <u>Mahal</u> | <u>Aytch</u> | <u>Total</u> | |
| June 30, 2017 | | | | |
| Balance | \$ 447,990 | \$ 11,782 | \$ 459,772 | \$ 20,314 |
| Deposits | 83,670 | 5,989 | 89,659 | - |
| Interest earned | 732 | 11 | 743 | 32 |
| Withdrawals | (67,499) | (7,750) | (75,249) | - |
| June 30, 2018 | | | | |
| Balance | <u>\$ 464,893</u> | <u>\$ 10,032</u> | <u>\$ 474,925</u> | <u>\$ 20,346</u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 5 – NOTES RECEIVABLE

CHD's Promissory Note with Ortiz Plaza LP, the borrower, is an advance in the amount of \$340,000. Ortiz Plaza LP, used these funds to acquire the land where the 30 unit affordable farmworker family housing project will be constructed. In May, 2016, CHD converted this Promissory Note to a Capital Contribution through Ortiz Plaza LLC to Ortiz Plaza LP. CHD also received contributions from various donor advised funds and individuals which was loaned to Ortiz Plaza LP for construction of the project in the amount of \$131,439 and \$11,000. Payment in the amount of \$102,362 was received from Ortiz Plaza LP. Additional funding in the amount of \$109,650 was provided to Ortiz Plaza LP for a total note receivable in the amount of \$449,650.

NOTE 6 – PROPERTY, EQUIPMENT, AND CONSTRUCTION IN PROGRESS

At June 30, 2018, Property and Equipment is summarized as follows:

| | |
|--------------------------------|----------------------------|
| Land | \$ 1,615,079 |
| Building and improvement | 12,240,698 |
| Leasehold improvement | 61,907 |
| Furniture and equipment | 378,381 |
| Vehicles | 600,435 |
| Subtotal | <u>14,896,500</u> |
| Less: accumulated depreciation | <u>(9,324,277)</u> |
| Property and equipment, net | 5,572,223 |
| Construction in Progress | <u>364,882</u> |
| Total | <u><u>\$ 5,937,105</u></u> |

Construction in progress consists of the development cost of a 32-unit housing project for farm-workers on the land purchased by CHD in Courtland, California on June 26, 2003 in the amount of \$351,528, R House property improvements of \$9,750 and Mahal property improvements of \$3,604.

NOTE 7 – DEFERRED / UNEARNED GRANTS

At June 30, 2018, deferred revenue is summarized as follows:

| | |
|------------------------------|--------------------------|
| Community resource services | \$ 389,819 |
| Employment training services | 47,691 |
| Housing | <u>160,485</u> |
| Total | <u><u>\$ 597,994</u></u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM OBLIGATIONS

| | |
|--|---------------------|
| Farmers Home Administration (FMHA), federal agency, secured by Mahal Plaza Housing Development, bears interest at 1% with principal and interest in monthly installments of \$6,249, to be repaid in full by March 2022. Interest expense for the year was \$2,873. | \$ 271,395 |
| Note payable, California Department of Housing and Community Development (HCD), secured by Aytch Plaza Housing Development, bears interest at 3%, principal and interest is deferred until July 2022. | 568,287 |
| FMHA, represents a farm labor housing loan, secured by Mahal Plaza Housing Development II. Bearing interest at 1% with principal and interest in monthly installments of \$10,697 to be repaid in full by May 2028. Interest expense for the year was \$12,664. | 1,215,018 |
| USDA, federal agency, for the construction of John Benatar Community Center at Mahal Plaza, bears interest at 1% with principal and interest in annual installments of \$22,605, to be repaid in full by April 2037. Interest expense for the year was \$3,894. | 367,084 |
| Clearinghouse CDFI (Community Development Financial Institution), secured by property and building located at 3555 Sonoma Hwy., Santa Rosa, CA, bears interest at 7.75%. There are no construction holdbacks as there were last year. Interest expense for the year was \$56,948. | 719,749 |
| The Housing Authority of the City of Santa Rosa, secured by property and building located at 3555 Sonoma Hwy., Santa Rosa, CA, bears interest at 4.0% with principal and interest in monthly installments of \$477 to be repaid in full by September 2040. Interest expense for the year was \$3,431. | 84,517 |
| The Housing Authority of the City of Santa Rosa, Ca, principal and interest are deferred until September 2040 or due and payable on the sale or transfer of the property. Interest is accrued at 4% per year. In August 2011, an amendment was made to increase the loan by \$27,151 to this original loan of \$100,000. | 127,151 |
| Community Foundation of Sonoma County of \$30,000 to support the Ortiz Plaza affordable housing project. This note bears no interest and is due on November 1, 2018. | 30,000 |
| R House, Inc. has mortgages payable secured by land and buildings owned by R House, Inc. The mortgages payable have various maturities through 2032 and have annual interest rates between 3.375% and 7.75%. As of June 30, 2018, monthly principal and interest payment obligations under the mortgages payable amounted to \$59,251. | 1,228,429 |
| Total | 4,611,630 |
| Less: Current portion due within one year | 290,247 |
| Long-term secured debt | <u>\$ 4,321,383</u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

The future annual principal payments on the notes payable are as follows:

| <u>Year Ending June 30,</u> | |
|-----------------------------|----------------------------|
| 2019 | \$ 290,247 |
| 2020 | 264,641 |
| 2021 | 269,847 |
| 2022 | 251,812 |
| 2023 | 773,614 |
| Thereafter | <u>2,761,469</u> |
| Total | <u><u>\$ 4,611,630</u></u> |

NOTE 9 – LINES OF CREDIT

R House, Inc. has a revolving, unsecured line of credit with Exchange Bank. The maximum borrowing available under this line is \$100,000. Interest on outstanding balances is payable monthly at 5.25%. This line of credit expires on November 1, 2021. The balance due on June 30, 2018 is \$96,359.

NOTE 10 - OPERATING LEASES

CHD leases certain office and storage spaces under operating leases expiring in various years through July 31, 2029. Certain operating leases provide for renewal options from one to five years at their fair rental value at the time of renewal. In the normal course of business, operating leases are generally renewed or replaced by other leases. Future minimum lease payments are as follows:

| <u>Year Ending June 30,</u> | <u>Lease Payments</u> |
|-----------------------------|----------------------------|
| 2019 | \$ 903,315 |
| 2020 | 892,391 |
| 2021 | 668,242 |
| 2022 | 448,977 |
| 2023 | 309,996 |
| Thereafter | <u>1,730,811</u> |
| Total | <u><u>\$ 4,953,732</u></u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 11 – PERMANENTLY RESTRICTED NET ASSETS

The Community Foundation Sonoma County (the Foundation) holds endowments for the benefit of CHD. The Foundation does not have unilateral variance power and the funds are distributed to CHD. The Foundation's board of directors will distribute grants from this fund to support the charitable purposes of CHD. At June 30, 2018, the George L. Ortiz Foundation had an ending balance of \$14,185.

NOTE 12 – PENSION PLAN

CHD has a voluntary employee benefit plan in the form of a tax-deferred annuity program. CHD matches a portion of participated employee contributions to the annuity plan when certain vesting requirements have been met. The plan provides for choices among annuity contracts between the individual participants and the plan administrator. CHD serves as the trustee for participant contributions and remits the amount along with CHD's matching contributions to the plan administrator. During the fiscal year ended June 30, 2018 the amount contributed by CHD was \$30,201.

NOTE 13 – RELATED PARTY TRANSACTIONS

CHD acts as a management agent for North Bay Human Development Corporation (NBHDC) the owner of Parkway Plaza, a related entity. NBHDC and CHD have common board members and a management agreement relating to Parkway Plaza. Parkway Plaza is a housing development located in Fairfield, California and financed by U.S. Department of Housing and Urban Development (HUD).

CHD is authorized to charge a management fee based upon a monthly flat fee of \$6,500 per month. For the fiscal year ended June 30, 2018, CHD received management fee of \$78,000. CHD is also authorized to charge an Administrative Services fee of \$1,166.67 per month. For the fiscal year ended June 30, 2018, CHD received an administrative fee of \$14,000.

CHD, on January 1, 2018, entered into a Management Contract with Associated Filipino Organizations of San Joaquin County, Inc., an affordable residential complex. CHD and Associated Filipino Organizations of San Joaquin County, Inc. have two common board members. Each organization is a separate entity. The entities share two board members. The Management Contract was terminated on May 31, 2018.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

NOTE 14 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Award, and Grants

CHD received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, CHD does not expect that disallowed expenditures, if any, to materially affect the financial statements.

NOTE 15 – ADVERTISING COSTS

The production costs of advertising are expensed as incurred. During the year ended June 30, 2018, advertising expense totaled \$12,533.

NOTE 16 – SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through January 30, 2019, the date the financial statements were available to be issued.

Subsequent to June 30, 2018, a CHD subsidiary Ortiz Plaza LLC is a partner of Ortiz Plaza II LP along with Phoenix Development Corporation and Integrity Housing which subsequently purchased land that is adjacent to the Ortiz Plaza LP site. This separate entity may construct approximately 14 units of affordable housing located in Sonoma County.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2018

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2018

| | General (from page 16) | Indirect (from page 16) | Programs (from page 17) | Housing (from page 23) | Subtotal | Consolidations Eliminations | Total |
|--------------------------------------|---------------------------|----------------------------|----------------------------|---------------------------|-------------------|--------------------------------|-------------------|
| Revenue: | | | | | | | |
| Grant | \$ - | \$ - | \$ 12,150,172 | \$ 1,241,870 | \$ 13,392,042 | \$ - | \$ 13,392,042 |
| Contributions | 150,363 | - | 25,277 | 42,937 | 218,577 | - | 218,577 |
| Program Fees For Services | - | 15 | 2,205,711 | 1,920,393 | 4,126,119 | (248,580) | 3,877,539 |
| CSBG Subsidy Revenue | - | - | - | 43,960 | 43,960 | (43,960) | - |
| Special Events | - | - | - | - | - | - | - |
| Royalties | 85,711 | - | - | - | 85,711 | - | 85,711 |
| Gain/Loss on Sale of Assets | - | - | - | - | - | - | - |
| Indirect Revenue | - | 1,317,418 | - | - | 1,317,418 | (1,317,418) | - |
| Indirect Exclusions | - | 43,960 | - | - | 43,960 | (43,960) | - |
| Miscellaneous Income | 12,217 | 2 | 8,092 | 100,705 | 121,016 | - | 121,016 |
| Total Revenue | 248,291 | 1,361,395 | 14,389,252 | 3,349,865 | 19,348,803 | (1,653,918) | 17,694,885 |
| Expenses: | | | | | | | |
| Salaries and wages | 25,729 | 628,146 | 4,727,320 | 1,405,010 | 6,786,205 | - | 6,786,205 |
| Employee benefits | 3,654 | 87,633 | 793,675 | 350,908 | 1,235,870 | - | 1,235,870 |
| Payroll taxes | 1,981 | 52,067 | 423,191 | 115,322 | 592,561 | - | 592,561 |
| Occupancy | 18,759 | 135,317 | 1,286,561 | 268,658 | 1,709,295 | (138,660) | 1,570,635 |
| Telephone | 40 | 22,831 | 221,777 | 17,119 | 261,767 | - | 261,767 |
| Postage and shipping | (12) | 14,407 | 22,977 | 4,576 | 41,948 | - | 41,948 |
| Printing and duplication | 125 | 22,146 | 87,377 | 9,799 | 119,447 | - | 119,447 |
| Supplies and materials | 1,308 | 27,180 | 261,782 | 98,128 | 388,398 | - | 388,398 |
| Rental/Maintenance equipment | 5,693 | 13,525 | 246,446 | 113,709 | 379,373 | - | 379,373 |
| Travel | (81) | 31,518 | 270,259 | 76,039 | 377,735 | - | 377,735 |
| Insurance | 60 | 14,165 | 222,253 | 107,056 | 343,534 | - | 343,534 |
| Advertising | - | 3,565 | 8,175 | 793 | 12,533 | - | 12,533 |
| Professional services | 1,887 | 266,516 | 498,741 | 122,731 | 889,875 | (109,920) | 779,955 |
| Assistance to individuals | 7,622 | (119) | 3,878,351 | 6,650 | 3,892,504 | - | 3,892,504 |
| Taxes and fees | 24,853 | 42,709 | 62,614 | 38,615 | 168,791 | - | 168,791 |
| Miscellaneous expenses | 21,165 | (211) | 1,837 | 4,567 | 27,358 | - | 27,358 |
| Depreciation | - | - | 33,197 | 405,907 | 439,104 | - | 439,104 |
| CSBG Subsidy | - | - | - | 43,960 | 43,960 | (43,960) | - |
| In-direct | 3,876 | - | 1,173,254 | 140,288 | 1,317,418 | (1,317,418) | - |
| Interest expense | - | - | 72,736 | 99,527 | 172,263 | - | 172,263 |
| Contribution to Ortiz Plaza LP | - | - | - | - | - | - | - |
| R House Commitment transfer to CHD | - | - | - | - | - | - | - |
| Transfer (To)/From Other Funds | - | - | - | - | - | - | - |
| Total Expenses | 116,659 | 1,361,395 | 14,336,483 | 3,429,362 | 19,243,899 | (1,653,918) | 17,589,981 |
| REVENUE OVER/(UNDER) EXPENSES | \$ 131,632 | \$ - | \$ 52,769 | \$ (79,497) | \$ 104,904 | \$ - | \$ 104,904 |

The accompanying noted are an integral part of these financial statements.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - GENERAL
FOR THE YEAR ENDED JUNE 30, 2018

| | DONATION USAGE | FUNDRAISING | GENERAL OPERATING | TOTAL GENERAL (To Page 15) | INDIRECT (To Page 15) |
|------------------------------------|-------------------|-------------|----------------------|----------------------------------|--------------------------|
| Revenue: | | | | | |
| Grant | \$ - | \$ - | \$ - | \$ - | \$ - |
| Contributions | - | 150,363 | - | 150,363 | - |
| Program Fees For Services | - | - | - | - | 15 |
| CSBG/Subsidy | - | - | - | - | - |
| Special Events | - | - | - | - | - |
| Royalties | - | - | 85,711 | 85,711 | - |
| Extraordinary Gain | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | 1,317,418 |
| Indirect Exclusions | - | - | - | - | 43,960 |
| Miscellaneous Income | - | 1 | 12,216 | 12,217 | 2 |
| Total Revenue | - | 150,364 | 97,927 | 248,291 | 1,361,395 |
| Expenses: | | | | | |
| Salaries and wages | - | 8,891 | 16,838 | 25,729 | 628,146 |
| Employee benefits | - | 217 | 3,437 | 3,654 | 87,633 |
| Payroll taxes | - | 708 | 1,273 | 1,981 | 52,067 |
| Occupancy | - | - | 18,759 | 18,759 | 135,317 |
| Telephone | - | - | 40 | 40 | 22,831 |
| Postage and shipping | - | - | (12) | (12) | 14,407 |
| Printing and duplication | - | - | 125 | 125 | 22,146 |
| Supplies and materials | 29 | 265 | 1,014 | 1,308 | 27,180 |
| Rental/Maintenance equipment | - | 231 | 5,462 | 5,693 | 13,525 |
| Travel | - | 56 | (137) | (81) | 31,518 |
| Insurance | - | 60 | - | 60 | 14,165 |
| Advertising | - | - | - | - | 3,565 |
| Professional services | - | 151 | 1,736 | 1,887 | 266,516 |
| Assistance to individuals | 6,960 | - | 662 | 7,622 | (119) |
| Taxes and fees | - | 95 | 24,758 | 24,853 | 42,709 |
| Miscellaneous expenses | - | - | 21,165 | 21,165 | (211) |
| Depreciation | - | - | - | - | - |
| CSBG/Subsidy Expenses | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - |
| In-direct | - | 1,445 | 2,431 | 3,876 | - |
| Interest Expense | - | - | - | - | - |
| Contribution to Ortiz Plaza LP | - | - | - | - | - |
| R House Commitment transfer to CHD | - | - | - | - | - |
| Transfer (To)/From Other Funds | - | - | - | - | - |
| Total Expenses | 6,989 | 12,119 | 97,551 | 116,659 | 1,361,395 |
| REVENUE OVER/(UNDER) EXPENSES | \$ (6,989) | \$ 138,245 | \$ 376 | \$ 131,632 | \$ - |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

| | STONE HOUSE BUILDING | HOPE VILLAGE | BANYAN SLE | SONOMA CO. COMM. SERVICES | NORTHERN CALIF. FIRES | DUI COURT PROGRAM |
|-------------------------------|-------------------------|--------------|---------------|------------------------------|--------------------------|----------------------|
| Revenue: | | | | | | |
| Grant | \$ - | \$ - | \$ 15,000 | \$ 35,610 | \$ 719,770 | \$ 109,860 |
| Contributions | - | - | 171 | 308 | - | - |
| Program Fees For Services | 138,660 | 35,849 | 58,280 | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - |
| Special Events | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - |
| Miscellaneous Income | 2 | 100 | 425 | - | - | - |
| Total Revenue | 138,662 | 35,949 | 73,876 | 35,918 | 719,770 | 109,860 |
| Expenses: | | | | | | |
| Salaries and wages | - | - | 3,481 | 14,536 | - | 64,681 |
| Employee benefits | - | - | 473 | 1,368 | - | 9,015 |
| Payroll taxes | - | - | 276 | 1,431 | - | 5,570 |
| Occupancy | - | 22,688 | 44,530 | - | - | 9,403 |
| Telephone | - | 154 | 1,312 | - | - | 1,307 |
| Postage and shipping | - | - | 10 | 1 | - | 19 |
| Printing and duplication | - | - | - | - | - | 549 |
| Supplies and materials | - | 10,678 | 571 | 4,557 | - | 1,187 |
| Rental/Maintenance equipment | 455 | - | 1,728 | - | - | 19 |
| Travel | - | - | 1 | 73 | - | 369 |
| Insurance | 1,499 | - | 2,269 | 39 | - | 1,214 |
| Advertising | - | - | - | - | 360 | 37 |
| Professional services | - | 235 | 140 | 812 | - | 2,834 |
| Assistance to individuals | - | - | - | 9,050 | 700,036 | - |
| Taxes and fees | - | 162 | 32 | 531 | 14 | 523 |
| Miscellaneous expenses | - | - | - | - | - | 32 |
| Depreciation | 33,197 | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - |
| In-direct | - | 157 | 7,423 | 3,480 | - | 13,101 |
| Interest Expense | - | - | - | - | - | - |
| Indirect Exclusions | 63,928 | - | - | - | - | - |
| Total Expenses | 99,079 | 34,074 | 62,246 | 35,878 | 700,410 | 109,860 |
| REVENUE OVER/(UNDER) EXPENSES | \$ 39,583 | \$ 1,875 | \$ 11,630 | \$ 40 | \$ 19,360 | \$ - |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

| | TREATMENT | FEDERAL PROBATION | CSBG-53 FARM WORKERS | | ATHENA HOUSE | ILRS FIRE | CASA CALMECA |
|-------------------------------|-------------|----------------------|-------------------------|-------------|-----------------|--------------|-----------------|
| Revenue: | | | | | | | |
| Grant | \$ 431,430 | \$ 108,066 | \$ 685,837 | \$ 544,148 | \$ 2,686,637 | \$ 60,882 | |
| Contributions | - | - | - | 90 | - | - | - |
| Program Fees For Services | 12,676 | 255 | - | 154,669 | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - | - |
| Special Events | - | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - | - |
| Miscellaneous Income | - | - | - | 1,313 | - | - | - |
| Total Revenue | 444,106 | 108,321 | 685,837 | 700,220 | 2,686,637 | 60,882 | |
| Expenses: | | | | | | | |
| Salaries and wages | 263,052 | 39,321 | 284,906 | 262,757 | 129,791 | 15,283 | |
| Employee benefits | 37,110 | 8,195 | 48,242 | 69,171 | 21,075 | 3,198 | |
| Payroll taxes | 22,483 | 3,396 | 27,357 | 23,507 | 14,222 | 1,386 | |
| Occupancy | 43,258 | (319) | 77,439 | 185,833 | 18,912 | 16,656 | |
| Telephone | 4,178 | (295) | 8,788 | 11,853 | 15 | - | |
| Postage and shipping | 80 | 110 | 117 | 115 | 156 | - | |
| Printing and duplication | 7,053 | - | 4,544 | 6,171 | 36 | - | |
| Supplies and materials | 5,232 | (21) | 8,347 | 45,355 | 8,213 | 5,150 | |
| Rental/Maintenance equipment | 2,362 | (8) | 2,358 | 6,441 | - | 4,065 | |
| Travel | 6,430 | 87 | 52,909 | 2,178 | 74 | 25 | |
| Insurance | 4,098 | 334 | 6,636 | 16,480 | 33 | 50 | |
| Advertising | 113 | - | 16 | 525 | - | - | |
| Professional services | 12,231 | 4,290 | 37,084 | 1,222 | 171,854 | 7,804 | |
| Assistance to individuals | 2,809 | 13,106 | 33,666 | 2,251 | 2,322,254 | - | |
| Taxes and fees | 4,716 | 4 | 167 | 9,899 | 2 | 5 | |
| Miscellaneous expenses | 220 | - | - | 241 | - | - | |
| Depreciation | - | - | - | - | - | - | |
| CSBG/Subsidy | - | - | - | - | - | - | |
| In-direct | 55,868 | 7,460 | 75,677 | 86,894 | - | 7,260 | |
| Interest Expense | - | - | - | - | - | - | |
| Indirect Exclusions | - | - | 17,584 | - | - | - | |
| Total Expenses | 471,293 | 75,660 | 685,837 | 730,893 | 2,686,637 | 60,882 | |
| REVENUE OVER/(UNDER) EXPENSES | \$ (27,187) | \$ 32,661 | \$ - | \$ (30,673) | \$ - | \$ - | |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

| | IMMIGRATION | R HOUSE MANAGEMENT | PROGRAM INCOME | STORM FLOOD PROJECT | FISCAL AGENT | CSBG-31 FARM WORKERS CALIFORNIA |
|-------------------------------|-------------|-----------------------|-------------------|------------------------|-----------------|---------------------------------------|
| Revenue: | | | | | | |
| Grant | \$ 78,255 | \$ - | \$ - | \$ 196,965 | \$ 29,897 | \$ 795,894 |
| Contributions | - | - | - | - | 21,259 | - |
| Program Fees For Services | 70,728 | 35,824 | 209,717 | - | 525 | - |
| CSBG/Subsidy | - | - | - | - | - | - |
| Special Events | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - |
| Miscellaneous Income | 20 | - | 362 | - | - | - |
| Total Revenue | 149,003 | 35,824 | 210,079 | 196,965 | 51,681 | 795,894 |
| Expenses: | | | | | | |
| Salaries and wages | 55,904 | 8,512 | 67,453 | 112,903 | - | 342,038 |
| Employee benefits | 5,463 | 1,541 | 10,533 | 19,283 | - | 31,828 |
| Payroll taxes | 4,396 | 753 | 6,062 | 9,806 | - | 22,936 |
| Occupancy | 12,910 | 318 | 11,876 | 2,527 | 6,515 | 65,951 |
| Telephone | 1,746 | - | 5,055 | 159 | 169 | 16,519 |
| Postage and shipping | 1,876 | 16 | 735 | 156 | 163 | 3,136 |
| Printing and duplication | 1,579 | 67 | 329 | - | 3,250 | 12,475 |
| Supplies and materials | 1,303 | 100 | 2,128 | 23 | 4,672 | 20,258 |
| Rental/Maintenance equipment | 582 | - | 661 | 182 | 128 | 2,020 |
| Travel | 6,181 | 93 | 4,282 | 2,972 | 8,922 | 40,125 |
| Insurance | 1,319 | 5,151 | 46,587 | 2,422 | - | 6,009 |
| Advertising | 843 | - | 299 | - | 1,300 | 572 |
| Professional services | 15,741 | 3,713 | 15,960 | 3,172 | 5,669 | 53,734 |
| Assistance to individuals | - | - | 14,010 | 22,525 | 15,200 | 68,192 |
| Taxes and fees | 33,490 | 1,139 | 616 | 33 | 200 | 89 |
| Miscellaneous expenses | - | - | 111 | - | 1,143 | - |
| Depreciation | - | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - |
| In-direct | 14,888 | 3,299 | 23,382 | 20,802 | 4,350 | 83,636 |
| Interest Expense | - | 8,808 | - | - | - | - |
| Indirect Exclusions | - | - | - | - | - | 26,376 |
| Total Expenses | 158,221 | 33,510 | 210,079 | 196,965 | 51,681 | 795,894 |
| REVENUE OVER/(UNDER) EXPENSES | \$ (9,218) | \$ 2,314 | \$ - | \$ - | \$ - | \$ - |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

| | RAPID RESPONSE | SOLANO ONE STOP | LA COOP SUPPLY BANK | FWS-AB2060 | YOUTH SETA | LA COOP TEMP DROUGHT | LA COOP TEMP HOUSING | LAKE COUNTY FIRE |
|-------------------------------|----------------|-----------------|---------------------|------------|------------|----------------------|----------------------|------------------|
| Revenue: | | | | | | | | |
| Grant | \$ 74,994 | \$ 75,000 | \$ 4,614 | \$ 158,955 | \$ 61,612 | \$ 49,570 | \$ 104,492 | \$ 117,885 |
| Contributions | - | - | - | - | - | - | - | - |
| Program Fees For Services | - | - | - | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - | - | - |
| Special Events | - | - | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - | - | - |
| Miscellaneous Income | - | - | - | - | - | - | - | - |
| Total Revenue | 74,994 | 75,000 | 4,614 | 158,955 | 61,612 | 49,570 | 104,492 | 117,885 |
| Expenses: | | | | | | | | |
| Salaries and wages | 46,860 | 36,242 | - | 52,390 | 35,605 | 29,645 | 9,272 | 36,046 |
| Employee benefits | 8,920 | 7,829 | - | 13,386 | 2,082 | 5,296 | 1,551 | 8,956 |
| Payroll taxes | 3,431 | 2,525 | - | 4,440 | 4,177 | 2,250 | 814 | 2,888 |
| Occupancy | 1,029 | 8,626 | 4,064 | 33,807 | 489 | 2,197 | 823 | 3,562 |
| Telephone | 96 | 917 | - | 7,289 | 63 | 602 | - | (1,457) |
| Postage and shipping | - | 688 | - | - | 149 | - | 29 | (77) |
| Printing and duplication | 139 | 779 | - | 575 | - | 34 | - | - |
| Supplies and materials | - | 1,833 | - | 14,252 | 50 | 690 | 731 | 298 |
| Rental/Maintenance equipment | 10 | - | - | 2,046 | 500 | 12 | - | 169 |
| Travel | 4,710 | 860 | - | 324 | 835 | 182 | 34 | 2,340 |
| Insurance | 281 | 2,500 | - | 729 | 392 | 393 | 103 | 1,047 |
| Advertising | - | - | - | - | 35 | - | - | - |
| Professional services | 575 | 3,257 | - | 679 | 147 | 965 | 236 | 562 |
| Assistance to individuals | - | - | - | 11,069 | 10,972 | 1,581 | 89,056 | 56,202 |
| Taxes and fees | - | - | - | - | 60 | - | 2 | - |
| Miscellaneous expenses | - | - | - | - | 18 | - | - | - |
| Depreciation | - | - | - | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - | - | - |
| In-direct | 8,943 | 8,944 | 550 | 17,969 | 6,038 | 5,723 | 1,841 | 7,349 |
| Interest Expense | - | - | - | - | - | - | - | - |
| Indirect Exclusions | - | - | - | - | - | - | - | - |
| Total Expenses | 74,994 | 75,000 | 4,614 | 158,955 | 61,612 | 49,570 | 104,492 | 117,885 |
| REVENUE OVER/(UNDER) EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

| | RAPID RESPONSE | SAN JOAQUIN YOUTH E.D.D. | LA COOP FIRE | FWS-167 ADULT PROGRAM | WIA -MSFW DISLOCATED WORKERS | CDDS-#3 IMMIGRATION | CDDS-#2 IMMIGRATION |
|-------------------------------|-------------------|-----------------------------|-----------------|--------------------------|------------------------------------|------------------------|------------------------|
| Revenue: | | | | | | | |
| Grant | \$ 50,000 | \$ 219,330 | \$ 148,646 | \$ 3,601,465 | \$ 526,829 | \$ 113,142 | \$ 112,830 |
| Contributions | - | - | - | - | - | - | - |
| Program Fees For Services | - | - | - | - | - | - | (27,410) |
| CSBG/Subsidy | - | - | - | - | - | - | - |
| Special Events | - | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - | - |
| Miscellaneous Income | - | - | - | - | - | - | - |
| Total Revenue | 50,000 | 219,330 | 148,646 | 3,601,465 | 526,829 | 113,142 | 85,420 |
| Expenses: | | | | | | | |
| Salaries and wages | 19,673 | 136,401 | 91,050 | 1,394,844 | 283,206 | 61,927 | 61,925 |
| Employee benefits | 3,118 | 18,011 | 11,736 | 234,065 | 46,520 | 4,363 | 5,453 |
| Payroll taxes | 1,605 | 11,782 | 7,309 | 135,192 | 23,145 | 5,549 | 5,237 |
| Occupancy | 11,167 | 11,416 | 6,300 | 311,093 | 78,074 | 825 | 1,536 |
| Telephone | 500 | 398 | 1,200 | 145,534 | 1,868 | 621 | 487 |
| Postage and shipping | - | 53 | - | 14,710 | 24 | 137 | 233 |
| Printing and duplication | - | 1,054 | - | 37,986 | 79 | 335 | 468 |
| Supplies and materials | 3,600 | 3,335 | 2,033 | 96,372 | - | 5,278 | 1,661 |
| Rental/Maintenance equipment | - | 274 | 1,450 | 200,408 | 5,434 | - | 32 |
| Travel | 1,310 | 8,334 | - | 96,151 | 6,642 | 4,087 | 1,953 |
| Insurance | 211 | 833 | 2,019 | 92,798 | 2,411 | 683 | 739 |
| Advertising | - | 15 | - | 329 | - | 1,273 | 813 |
| Professional services | 2,845 | 1,185 | 2,181 | 80,041 | 4,657 | 14,763 | 12,680 |
| Assistance to individuals | - | - | 6,405 | 368,320 | 13,564 | - | - |
| Taxes and fees | 8 | 48 | - | 8,022 | - | (176) | 4 |
| Miscellaneous expenses | - | 35 | - | 37 | - | - | - |
| Depreciation | - | - | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | - | - |
| In-direct | 5,963 | 26,156 | 16,963 | 385,563 | 61,205 | 13,477 | 12,627 |
| Interest Expense | - | - | - | - | - | - | - |
| Indirect Exclusions | - | - | - | - | - | - | - |
| Total Expenses | 50,000 | 219,330 | 148,646 | 3,601,465 | 526,829 | 113,142 | 105,848 |
| REVENUE OVER/(UNDER) EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ (20,428) |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - PROGRAMS
FOR THE YEAR ENDED JUNE 30, 2018

| | CDDS-#4 IMMIGRATION | CENTER AT SIERRA | CDDS-#1 IMMIGRATION | REDWOOD EMPIRE INDUSTRIES | TOTAL PROGRAMS (To Page 15) |
|-------------------------------|------------------------|---------------------|------------------------|---------------------------------|-----------------------------------|
| Revenue: | | | | | |
| Grant | \$ 83,540 | \$ 1,076 | \$ | 147,941 | \$ 12,150,172 |
| Contributions | - | - | - | 3,449 | 25,277 |
| Program Fees For Services | - | - | - | 1,515,938 | 2,205,711 |
| CSBG/Subsidy | - | - | - | - | - |
| Special Events | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - |
| Miscellaneous Income | - | - | - | 5,870 | 8,092 |
| Total Revenue | 83,540 | 1,076 | - | 1,673,198 | 14,389,252 |
| Expenses: | | | | | |
| Salaries and wages | 63,376 | 534 | 1,680 | 702,026 | 4,727,320 |
| Employee benefits | 4,941 | 8 | 34 | 150,911 | 793,675 |
| Payroll taxes | 6,060 | 69 | 125 | 63,012 | 423,191 |
| Occupancy | - | 230 | - | 292,826 | 1,286,561 |
| Telephone | 183 | - | - | 12,516 | 221,777 |
| Postage and shipping | 159 | - | - | 182 | 22,977 |
| Printing and duplication | 49 | - | - | 9,826 | 87,377 |
| Supplies and materials | 911 | - | 33 | 12,952 | 261,782 |
| Rental/Maintenance equipment | - | - | - | 15,118 | 246,446 |
| Travel | 833 | 103 | 5 | 16,835 | 270,259 |
| Insurance | 761 | 51 | 26 | 22,136 | 222,253 |
| Advertising | - | - | - | 1,645 | 8,175 |
| Professional services | 1,549 | 35 | 27 | 35,862 | 498,741 |
| Assistance to individuals | - | - | - | 118,083 | 3,878,351 |
| Taxes and fees | 22 | - | - | 3,002 | 62,614 |
| Miscellaneous expenses | - | - | - | - | 1,837 |
| Depreciation | - | - | - | - | 33,197 |
| CSBG/Subsidy | - | - | - | - | - |
| In-direct | 4,696 | 46 | 261 | 181,263 | 1,173,254 |
| Interest Expense | - | - | - | - | 72,736 |
| Indirect Exclusions | - | - | - | - | 43,960 |
| Total Expenses | 83,540 | 1,076 | 2,191 | 1,638,195 | 14,336,483 |
| REVENUE OVER/(UNDER) EXPENSES | \$ - | \$ - | \$ (2,191) | \$ 35,003 | \$ 52,769 |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - HOUSING
FOR THE YEAR ENDED JUNE 30, 2018

| | AYTCH PLAZA OPERATIONS | FARM WORKERS HOUSING CENTERS | NCHA | MAHAL PLAZA OPERATIONS | COURTLAND PLAZA | HOUSING ADMIN / FEES FOR SERVICE | RIVER COMMUNITY PERMANENT HOUSING |
|-------------------------------|------------------------------|------------------------------------|-------------|------------------------------|--------------------|--|---|
| Revenue: | | | | | | | |
| Grant | \$ - | \$ 780,154 | \$ 377,920 | \$ - | \$ - | \$ - | \$ - |
| Contributions | - | - | - | - | - | - | 131,722 |
| Program Fees For Services | 76,035 | - | 614,598 | - | - | 334,573 | - |
| CSBG/Subsidy | 6,000 | - | 37,960 | - | - | - | - |
| Special Events | - | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - | - |
| Miscellaneous Income | - | 18 | 18,190 | - | - | - | - |
| Total Revenue | 82,035 | 780,172 | 1,048,668 | - | - | 334,573 | 131,722 |
| Expenses: | | | | | | | |
| Salaries and wages | 10,250 | 425,617 | 165,034 | - | - | 146,504 | 66,675 |
| Employee benefits | 1,450 | 128,025 | 54,586 | - | - | 11,249 | 1,742 |
| Payroll taxes | 1,022 | 33,525 | 12,855 | - | - | 11,793 | 5,329 |
| Legal Services | - | - | - | - | - | - | - |
| Occupancy | 16,332 | 10,085 | 195,266 | - | - | 22,189 | 8,927 |
| Telephone | 135 | 2,117 | 5,274 | - | - | 4,064 | 491 |
| Postage and shipping | 18 | 715 | 2,170 | - | - | 416 | 16 |
| Printing and duplication | - | 883 | 2,430 | - | - | 991 | - |
| Supplies and materials | 13,100 | 8,376 | 19,858 | - | - | 4,853 | 17,891 |
| Rental/Maintenance equipment | 6,486 | 19,747 | 37,839 | - | - | 413 | - |
| Travel | 1,958 | 9,694 | 5,446 | - | - | 25,883 | 6,572 |
| Insurance | 5,302 | 9,636 | 38,548 | 368 | - | 3,735 | 385 |
| Advertising | - | 433 | 140 | - | - | 10 | - |
| Professional services | 9,654 | 38,211 | 98,020 | - | - | 18,089 | 5,443 |
| Assistance to individuals | - | - | - | - | - | 1,850 | 4,800 |
| Taxes and fees | 3,795 | 70 | 30,156 | 557 | - | 490 | 7 |
| Miscellaneous expenses | 952 | - | 146 | - | - | 2,311 | - |
| Depreciation | 27,662 | - | 340,114 | - | - | - | - |
| CSBG/Subsidy Expenses | - | - | - | - | - | - | - |
| CSBG/Subsidy | 6,000 | - | 37,960 | - | - | - | - |
| In-direct | - | 93,038 | - | - | - | 33,620 | 13,444 |
| Interest expense | 15,628 | - | 19,649 | - | - | - | - |
| Loss on disposal | - | - | - | - | - | - | - |
| Total Expenses | 119,744 | 780,172 | 1,065,491 | 925 | - | 288,460 | 131,722 |
| REVENUE OVER/(UNDER) EXPENSES | \$ (37,709) | \$ - | \$ (16,823) | \$ (925) | \$ - | \$ 46,113 | \$ - |

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES - HOUSING
FOR THE YEAR ENDED JUNE 30, 2018

| | MARIN COUNTY RANCH WORKERS MARIN PREDEV | AFO | TURNING POINT TPC | PARKWAY PARKWAY | R HOUSE | TOTAL HOUSING (To Page 15) |
|-------------------------------|---|---------|-------------------------|--------------------|-------------|----------------------------------|
| Revenue: | | | | | | |
| Grant | \$ - | \$ - | \$ - | \$ 39,812 | \$ 43,984 | \$ 1,241,870 |
| Contributions | (88,979) | - | - | - | 194 | 42,937 |
| Program Fees For Services | - | 405,278 | 148,741 | 341,168 | - | 1,920,393 |
| CSBG/Subsidy | - | - | - | - | - | 43,960 |
| Special Events | - | - | - | - | - | - |
| Extraordinary Gain | - | - | - | - | - | - |
| Indirect Revenue | - | - | - | - | - | - |
| Miscellaneous Income | - | - | - | - | 82,497 | 100,705 |
| Total Revenue | (88,979) | 405,278 | 148,741 | 380,980 | 126,675 | 3,349,865 |
| Expenses: | | | | | | |
| Salaries and wages | - | 266,687 | 96,586 | 222,851 | 4,806 | 1,405,010 |
| Employee benefits | - | 73,601 | 31,559 | 47,617 | 1,079 | 350,908 |
| Payroll taxes | - | 23,560 | 8,074 | 18,817 | 347 | 115,322 |
| Legal Services | - | - | - | - | - | - |
| Occupancy | - | (81) | - | - | 15,940 | 268,658 |
| Telephone | - | - | - | 2,327 | 2,711 | 17,119 |
| Postage and shipping | - | 340 | 384 | 141 | 376 | 4,576 |
| Printing and duplication | - | 36 | - | 5,459 | - | 9,799 |
| Supplies and materials | - | 12,374 | 1,099 | 20,224 | 353 | 98,128 |
| Rental/Maintenance equipment | - | 2,305 | 973 | 43,858 | 2,088 | 113,709 |
| Travel | - | 8,302 | 6,951 | 10,180 | 1,053 | 76,039 |
| Insurance | - | 10,473 | 915 | 3,186 | 34,508 | 107,056 |
| Advertising | - | 60 | - | 150 | - | 793 |
| Professional services | (90,538) | 5,837 | 2,084 | 5,390 | 30,541 | 122,731 |
| Assistance to individuals | - | - | - | - | - | 6,650 |
| Taxes and fees | - | 1,644 | 116 | 100 | 1,680 | 38,615 |
| Miscellaneous expenses | - | 140 | - | 680 | 338 | 4,567 |
| Depreciation | - | - | - | - | 38,131 | 405,907 |
| CSBG/Subsidy Expenses | - | - | - | - | - | - |
| CSBG/Subsidy | - | - | - | - | - | 43,960 |
| In-direct | 186 | - | - | - | - | 140,288 |
| Interest expense | 1,373 | - | - | - | 62,877 | 99,527 |
| Loss on disposal | - | - | - | - | - | - |
| Total Expenses | (88,979) | 405,278 | 148,741 | 380,980 | 196,828 | 3,429,362 |
| REVENUE OVER/(UNDER) EXPENSES | \$ - | \$ - | \$ - | \$ - | \$ (70,153) | \$ (79,497) |

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

**SUPPLEMENTARY CONTRACT INFORMATION FOR
CALIFORNIA STATE DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
FOR AYTCH PLAZA**

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Balance Sheets
For the Years Ended June 30, 2018 and 2017

| ASSETS | | <u>2018</u> | <u>2017</u> |
|----------------------------|---------------------------------------|--------------------------|--------------------------|
| Investment in real estate: | | | |
| 1410 | Land | \$ 65,000 | \$ 65,000 |
| 1420 | Building and Improvements | 768,653 | 760,903 |
| 1420 | Furniture, Fixtures and equipment | 8,415 | 8,415 |
| 1495 | Less: accumulated depreciation | <u>(621,678)</u> | <u>(594,017)</u> |
| | Net investment in real estate | 220,390 | 240,301 |
| Other assets: | | | |
| 1120 | Cash - operating & petty | 3,548 | 2,555 |
| 1130 | Rent receivable | 554 | 498 |
| | Restricted deposits (note 3) | | |
| 1320 | Replacement reserve | 10,032 | 11,782 |
| 1330 | Operating reserve | 20,346 | 20,314 |
| 1191 | Tenant security deposits | 5,215 | 5,207 |
| 1200 | Prepaid expenses | 173 | 165 |
| | Total assets | <u><u>\$ 260,258</u></u> | <u><u>\$ 280,822</u></u> |
| | | | |
| Liabilities And Net Assets | | | |
| Liabilities | | | |
| 2320 | Notes payable (note 4) | \$ 568,287 | \$ 568,287 |
| 2110 | Accounts payable and accrued expenses | 5,113 | 4,187 |
| 2210 | Deferred revenue (prepaid rent) | 12 | 80 |
| 2191 | Tenant security deposits | 5,866 | 5,206 |
| 2330 | Interest payable (note 4) | <u>391,957</u> | <u>376,330</u> |
| | Total liabilities | <u>971,235</u> | <u>954,090</u> |
| | | | |
| 3130 | Net Assets | (673,268) | (638,896) |
| 3250 | Change in net assets | <u>(37,709)</u> | <u>(34,372)</u> |
| | Total net assets/(deficit) | <u>(710,977)</u> | <u>(673,268)</u> |
| | Total liabilities and net assets | <u><u>\$ 260,258</u></u> | <u><u>\$ 280,822</u></u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Statements of Operations
For the Years Ended June 30, 2018 and 2017

| | | <u>2018</u> | <u>2017</u> |
|--|---|--------------------|--------------------|
| Income | | | |
| 5120 | Gross potential rents | \$ 81,868 | \$ 78,180 |
| 5200 | Less: vacancies | (6,076) | (1,354) |
| | | <u>75,792</u> | <u>76,826</u> |
| 5400T | Interest income | 63 | 51 |
| | Other income: | | |
| 5920 | Tenant charges | 180 | 310 |
| 5990 | Miscellaneous | - | - |
| | Total Income | <u>76,035</u> | <u>77,187</u> |
| | | | |
| Operating expenses: | | | |
| 6263T | Administrative | 19,989 | 24,360 |
| 6400T | Utilities | 7,894 | 8,486 |
| 6500T | Operating & maintenance | 32,842 | 25,478 |
| 6700T | Taxes & insurance | 9,729 | 7,070 |
| | Total Operating Expenses | <u>70,454</u> | <u>65,394</u> |
| | | | |
| Net Operating Income | | <u>5,581</u> | <u>11,793</u> |
| | | | |
| Financial, partnership and other expenses: | | | |
| 6600 | Depreciation | 27,662 | 27,696 |
| 6800 | Interest (note 4) | 15,628 | 18,469 |
| | Total Financial, partnership & other exp. | <u>43,290</u> | <u>46,165</u> |
| 3250 | Net Loss | <u>\$ (37,709)</u> | <u>\$ (34,372)</u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|-----------------|-----------------|
| Cash flow from operating activities: | | |
| Rental receipts | \$ 75,668 | \$ 76,245 |
| Interest receipts | 63 | 51 |
| Other receipts | 180 | 310 |
| Total receipts | <u>75,911</u> | <u>76,606</u> |
| Administrative | (11,945) | (9,215) |
| Management fee | (8,052) | (8,052) |
| Utilities | (7,715) | (16,046) |
| Operating and maintenance | (32,095) | (44,306) |
| Taxes and insurance | (9,722) | - |
| Property insurance | - | (4,644) |
| Miscellaneous taxes and insurance | (7) | (2,083) |
| Interest | (1) | 1 |
| Asset management fee | - | - |
| Tenant security deposits | 652 | (28) |
| Other adjustments to reconcile net profit (loss) | (1) | - |
| Real estate taxes | - | (343) |
| Salaries & wages | - | (10,637) |
| Total disbursements | <u>(68,886)</u> | <u>(95,353)</u> |
| Net cash provided by operating activities | <u>7,025</u> | <u>(18,747)</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (7,750) | - |
| Net (increase) decrease in restricted deposits for reserve for replacements | 1,750 | (2,758) |
| Net (increase) decrease to reserve for taxes & insurance | (32) | 2,164 |
| Net cash used in investing activities | <u>(6,032)</u> | <u>(594)</u> |
| Cash flows from financing activities: | | |
| Payment of notes payable | - | - |
| Net cash used in financing activities | <u>-</u> | <u>-</u> |
| Net increase in cash | 993 | (19,341) |
| Cash, beginning of year | 2,555 | 21,896 |
| Cash, end of year | <u>\$ 3,548</u> | <u>\$ 2,555</u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|-----------------|--------------------|
| Cash flows from operating activities | | |
| Net Loss | \$ (37,709) | \$ (34,372) |
| Reconciliation of net loss to cash provided by operating activities: | | |
| Depreciation | 27,662 | 27,696 |
| (Increase) decrease in assets: | | |
| Rent receivable | (56) | (492) |
| Prepaid expenses | (8) | 324 |
| Tenant security deposits - net | 652 | (28) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 926 | (30,256) |
| Deferred revenue | (68) | (89) |
| Interest payable | 15,628 | 18,470 |
| Other adjustments to reconcile net profit (loss) | (2) | - |
| Net cash provided by operating activities | <u>\$ 7,025</u> | <u>\$ (18,747)</u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Schedules of Operating Revenues
For the Year Ended June 30, 2018

| Schedule of Operating Revenues | | 2018 |
|--|---|-------------------------|
| Rent Revenue | | |
| 5120 Rent Revenue-Gross Potential | | \$ 81,868 |
| 5121 Tenant Assistance Payments | | - |
| 5140 Rent Revenue - Stores & Commercial | | - |
| 5170 Rent Revenue - Garage & Parking | | - |
| 5180 Flexible Subsidy Revenue | | - |
| 5190 Miscellaneous Rent Revenue | | - |
| 5100T | Total Rent Revenue | <u>81,868</u> |
| Vacancies | | |
| 5220 Apartments | | 6,076 |
| 5240 Stores & Commercial | | - |
| 5250 Rental Concessions | | - |
| 5270 Garage & Parking Spaces | | - |
| 5290 Miscellaneous | | - |
| 5200T | Total Vacancies | <u>6,076</u> |
| 5152N | Net Revenue (Rent Revenue Less Vacancies) | <u>75,792</u> |
| Financial Revenue | | |
| 5410 Financial Revenue - Project Operations | | 20 |
| 5430 Revenue from Investments - Residual Receipts | | - |
| 5440 Revenue from Investments - Replacement Reserves | | 11 |
| 5490 Revenue from Investments - Misc. | | 32 |
| 5400T | Total Financial Revenue | <u>63</u> |
| Other Revenue | | |
| 5910 Laundry & Vending Revenue | | - |
| 5920 Tenant Charges | | 180 |
| 5990 Misc. Revenue | | - |
| 5900T | Total Other Revenue | <u>180</u> |
| 5000T | Total Revenue | <u><u>\$ 76,035</u></u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Schedules of Operating Expenses
For the Year Ended June 30, 2018

| Schedule of Operating Expenses | | 2018 |
|---|--|---------------|
| Administrative Expenses | | |
| 6203 Conventions & Meetings | | \$ - |
| 6204 Management Consultants | | - |
| 6210 Advertising & Marketing | | - |
| 6250 Other Renting Expenses | | - |
| 6310 Office Salaries | | 5,221 |
| 6311 Office Expenses | | 3,598 |
| 6312 Office or Model Apartment Rent | | - |
| 6320 Management Fee | | 8,052 |
| 6330 Manager or Superintendent Salaries | | - |
| 6331 Administrative Rent Free Unit | | - |
| 6340 Legal Expe | | - |
| 6350 Audit Expense | | 209 |
| 6351 Bookkeeping Fees/Accounting Services | | - |
| 6370 Bad Debts | | 952 |
| 6390 Miscellaneous Administrative Expenses | | 1,957 |
| 6390-010 Description: Travel | 6390-020 Amount: 1,957 | |
| 6263T | Total Administrative Expenses | <u>19,989</u> |
| Utilities Expenses | | |
| 6450 Electricity | | 114 |
| 6451 Water | | 4,185 |
| 6452 Gas | | - |
| 6453 Sewer | | 3,595 |
| 6400T | Total Utilities Expense | <u>7,894</u> |
| Operating and Maintenance Expenses | | |
| 6510 Payroll | | 5,029 |
| 6515 Supplies | | 12,888 |
| 6520 Contracts | | 6,221 |
| 6521 Operating & Maintenance Rent Free Unit | | - |
| 6525 Garbage & Trash Removal | | 8,438 |
| 6530 Security Payroll/Contracts | | - |
| 6531 Security Rent Free Unit | | - |
| 6546 Heating/Cooling Repairs & Maintenance | | 266 |
| 6548 Snow Removal | | - |
| 6570 Vehicle & Maintenance Equip. Operation & Repairs | | - |
| 6580 Lease Expense | | - |
| 6590 Misc. Op & Maintenance Expenses | | - |
| 6500T | Total Operating & Maintenance Expenses | <u>32,842</u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Schedules of Operating Expenses
For the Year Ended June 30, 2018

| Schedule of Operating Expenses | | 2018 |
|--|---|---------------------------|
| Taxes & Insurance | | |
| 6710 Real Estate Taxes | | 1,948 |
| 6711 Payroll Taxes (Project's share) | | 1,022 |
| 6720 Property & Liability Insurance (Hazard) | | 5,302 |
| 6721 Fidelity Bond Insurance | | - |
| 6722 Workmen's Compensation | | 989 |
| 6723 Health Insurance & Other Benefits | | 461 |
| 6790 Misc. Taxes, Licenses, Permits & Insurance | | 7 |
| 6700T | Total Taxes & Insurance | <u>9,729</u> |
| | Total Operating Expenses | <u>70,454</u> |
| Financial Expenses | | |
| 6820 Interest on Mortgage (or Bonds) Payable | | 15,628 |
| 6825 Interest on Other Mortgages | | - |
| 6830 Interest on Notes Payable (Long Term) | | - |
| 6840 Interest on Notes Payable (Short Term) | | - |
| 6850 Mortgage Insurance Premium / Service Charge | | - |
| 6890 Misc. Financial Expenses | | - |
| 6800T | Total Financial Expenses | <u>15,628</u> |
| 6000 | Total Cost of Operations before Depreciation | <u>86,082</u> |
| 5060 | Operating Profit (Loss) | <u>(10,047)</u> |
| Depreciation & Amortization Expenses | | |
| 6600 Depreciation Expense | | 27,662 |
| 6610 Amortization Expense | | - |
| 5060N | Operating Profit (Loss) | <u>(37,709)</u> |
| Net Entity Expenses | | |
| 7190 Other Expenses - detailed | | - |
| 7100T | Total Net Entity Expenses | <u>-</u> |
| 3250 | Change in Total Net Assets from Operations | <u>\$ (37,709)</u> |

The accompanying notes are an integral part of these financial statements

**CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H**

**Cash on Hand and in Banks
For the Year Ended June 30, 2018**

| | | |
|------------------------|--------------------------------|-------------------------|
| Unrestricted accounts: | | |
| | Petty cash | \$ - |
| | Checking accounts - operations | <u>3,548</u> |
| Total | | <u><u>\$ 3,548</u></u> |
| Restricted accounts: | | |
| | Replacement reserve | \$ 10,032 |
| | Operating reserve | 20,346 |
| | Tenant Security Deposits | <u>5,215</u> |
| Total | | <u><u>\$ 35,593</u></u> |

Tenant security deposits are maintained in a separate account and interest earned on these deposits is credited to a liability account to be refunded or applied for the benefit of tenants.

| | |
|--|--------------|
| Interest earned on all accounts during the fiscal year | <u>\$ 63</u> |
|--|--------------|

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Reserves for Replacements and Operating Expenses

In accordance with the provisions of the regulatory agreement, restricted cash is held by CalHFA to be used for replacements of property or other reserve requirements with the approval of CalHFA as follows:

| | Replacement Reserve | Operating Reserve |
|---|--------------------------------|------------------------------|
| Balance, June 30, 2017 | \$ 11,782 | \$ 20,314 |
| Monthly Deposits | 5,989 | - |
| Interest earned | 11 | 32 |
| Withdrawals (amount capitalized) | (7,750) | - |
| Withdrawals (amount included in operating expenses) | - | - |
| Balance, June 30, 2018 | <u>\$ 10,032</u> | <u>\$ 20,346</u> |

Property, Equipment and Improvements

Following are the details of property, equipment and improvements:

| Property, Equipment & Improvements at Cost | Land | Building & Improvements | Furniture & Equipment | Total |
|---|------------------|----------------------------|--------------------------|-------------------|
| Balance, June 30, 2017 | \$ 65,000 | \$ 760,903 | \$ 8,415 | \$ 834,318 |
| Additions | - | 7,750 | - | 7,750 |
| Balance, June 30, 2018 | <u>\$ 65,000</u> | <u>\$ 768,653</u> | <u>\$ 8,415</u> | <u>\$ 842,068</u> |

Accounts Payable and Accrued Expenses

Accounts payables are payables to vendors and are being paid on a current basis.

Detail follows:

| | |
|--------------------------|-----------------|
| Accounts payable - trade | <u>\$ 5,113</u> |
|--------------------------|-----------------|

Gross Potential Rents

| | |
|------------------------------|------------------|
| Tenant rental payments | \$ 75,792 |
| Vacancy loss and concessions | 6,076 |
| Total gross potential rents | <u>\$ 81,868</u> |

Management Fee

A property management fee of \$ 8,052 was incurred during 2018 for the property management services provided by California Human Development.

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
AYTCH PLAZA
LOAN #91-CHRP-R-081
GRANT #FWHG-91-149-H

Computation of Operating Cash Flow/Surplus Cash
For the Year Ended June 30, 2018

Operating Cash Flow/Surplus Cash Computation - per HCD/CalHFA Regulatory Agreements

Operating Cash Flow/Surplus Cash will be distributed according to the HCD method.

Operating Income

| | |
|--|-------------|
| Total Income | \$ 76,035 |
| Interest earned on restricted reserve accounts | <u>(43)</u> |
| Adjusted operating income | 75,992 |

| | |
|---------------------|-----------------|
| Operating expenses | <u>(70,454)</u> |
| Adjusted net income | <u>5,538</u> |

Other activity

| | |
|---|------------------------|
| Replacement reserve deposits | (5,989) |
| Other reserve deposits per Regulatory Agreement | - |
| Replacement reserve withdrawals (expensed) | - |
| Operating reserve withdrawals (expensed) | <u>-</u> |
| Total other activity | <u>(5,989)</u> |
| Operating cash flow/surplus cash | <u>\$ (451)</u> |

| | |
|--|-----------------|
| Distribution of operating cash flow/surplus cash | <u>-</u> |
| Total cash available for distribution (net cash flow) | <u>-</u> |

The accompanying notes are an integral part of these financial statements

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Aytch Plaza is located in Kelseyville, California in Lake County and comprises eleven 2, 3, and 4-bedroom single-family houses equipped with Central Heating and Air Conditioning Units. Five of the houses are available for qualifying low-income families, and six are reserved for low-income farmworker families. In 1987, with funding from the California Department of Housing and Community Development, CHDC purchased the land and new construction began in 1990. Homes were ready for occupancy in 1993.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Accounting Method

The accompanying consolidated financial statements of CHDC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Estimates

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

Revenue Recognition

Rental income is shown at its maximum gross potential. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations.

Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity, such as security deposit, replacement reserves, and operating reserves. CHDC typically maintains cash on deposit in banks in excess of the Federal Deposit Insurance Corporation limit. However, CHDC has not experienced any losses in such accounts. CHDC believes that it is not exposed to any significant cash credit risk.

Grant Receivable / Other Receivables

CHDC considers Grant Receivable / Other Receivables to be fully collectable; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operation when that determination is made.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment acquired using unrestricted net assets are considered owned by CHDC. Property and equipment are carried at cost, if purchased. Contributed assets are stated at fair market value at the date of contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the asset. Acquisitions of at least \$5,000 are capitalized and depreciated over its useful life.

Title to assets purchased with government funds are vested in the name of CHDC for use in the respective programs. However, the funding source may maintain a reversionary interest in the property as well as in the determination of use of any proceeds from the sale of the assets.

The useful lives of the assets are estimated as follows:

| | |
|-----------------------------------|-------------|
| Building and improvements | 10-40 years |
| Furniture, fixtures and equipment | 5 years |

Income Taxes

CHDC is a non-profit organization exempt from payment of federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Management believes CHDC has no uncertain tax positions as of June 30, 2018.

Compensated Absences

Employees of CHDC, begin to earn paid vacation time from their date of employment and accrue hours toward personal leave for each bi-weekly pay period. This accumulation of hours, if not used within the calendar year, is carried over and available in subsequent periods. Accrued personal leave hours, when used by employees, are paid based upon the prevailing authorized pay rate.

NOTE 3 – RESTRICTED DEPOSITS

Replacement Reserve

CHDC is required to maintain reserves for replacement and repair of property and equipment in accordance with lenders' regulatory agreement. The replacement reserves are held by CHDC and required to be funded in the annual aggregate amount of \$5,496 for Aytch Plaza. Expenditures are subject to the supervision and approval of HCD.

Operating Reserve

CHDC is required to maintain an operating reserve in accordance with lender's regulatory agreement. The operating reserve is held by CHDC and is funded in an annual amount of \$1,477 for Aytch Plaza. The expenditures are subject to the supervision and approval by HCD.

Tenant Security Deposits

CHDC is required to hold security deposits in a separate bank account in the name of the Project.

NOTE 4 – NOTES PAYABLE

Notes payable are secured by the property unless otherwise noted and summarized as follows:

| | 2018 | 2017 |
|---|---|--|
| | Interest <u>Payable</u> <u>Principal</u> | |
| Note payable, California Department of Housing and Community Development (HCD) bears interest at 3% with principal and interest deferred until July 2022 Interest expense was \$15,628 for fiscal year 2018 and \$18,469 for fiscal year 2017. | \$391,957 \$568,287 | |
| Principal and interest are deferred until July 2022. | | Interest <u>Payable</u> <u>Principal</u> \$376,330 \$568,287 |

NOTE 5 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Award, and Grants

CHDC received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, CHDC does not expect that disallowed expenditures, if any, to materially affect the financial statements.

NOTE 6 – DISTRIBUTION OF OPERATING CASH FLOW/SURPLUS CASH

Operating Cash Flow/Surplus Cash, as defined by the Regulatory Agreements, is distributed as follows: (note: restricted accounts have been fully funded for the current year as required):

For Aytch Plaza, any surplus cash is to be distributed for payment of accrued interest. There is no surplus cash for the fiscal year.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 30, 2019, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY CONTRACT INFORMATION FOR
USDA RURAL DEVELOPMENT
FOR MAHAL PLAZA**

Position 3
**MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET**
PART I - BALANCE SHEET

FORM APPROVED
OMB NO. 0575-0189

| | | |
|------------------------------------|--|--|
| PROJECT NAME Mahal Plaza | BORROWER NAME California Human Development Corporation | BORROWER ID AND PROJECT NO. 04-051-792077137 047 |
|------------------------------------|--|--|

| | BEGINNING DATES ENDING DATES | CURRENT YEAR 7/1/2017 6/30/2018 | PRIOR YEAR 7/1/2016 6/30/2017 | COMMENTS |
|--|---------------------------------|---------------------------------------|-------------------------------------|----------|
|--|---------------------------------|---------------------------------------|-------------------------------------|----------|

ASSETS

CURRENT ASSETS

| | | | | |
|---|--|---------|---------|-------------------|
| 1. GENERAL OPERATING ACCOUNT..... | | 167,740 | 153,514 | |
| 2. R.E. TAX & INSURANCE ACCOUNT..... | | 38,279 | 47,619 | |
| 3. RESERVE ACCOUNT..... | | 464,893 | 447,990 | |
| 4. SECURITY DEPOSIT ACCOUNT..... | | 77,937 | 76,361 | |
| 5. OTHER CASH (Identify) | | 500 | 500 | Petty Cash |
| 6. OTHER (Identify) | | 4,234 | 465 | Prepaid Utilities |
| 7. TOTAL ACCOUNTS RECEIVABLE (Attach list) | | 17,581 | 14,003 | |
| ACCTS RCVBL 0-30 DAYS \$16,185 | | | | |
| ACCTS RCVBL 30-60 DAYS \$0 | | | | |
| ACCTS RCVBL 60-90 DAYS \$0 | | | | |
| ACCTS RCVBL OVER 90 DAYS \$1,396 | | | | |
| 8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS..... | | | | |
| 9. INVENTORIES (supplies)..... | | | | |
| 10. PREPAYMENTS..... | | | | |
| 11. | | | | |
| 12. TOTAL CURRENT ASSETS (Add 1 thru 11) | | 771,164 | 740,452 | |

FIXED ASSETS

| | | | | |
|--|--|-------------|-------------|--|
| 13. LAND..... | | 310,000 | 310,000 | |
| 14. BUILDINGS..... | | 9,202,662 | 9,126,359 | |
| 15. LESS: ACCUMULATED DEPRECIATION..... | | (6,655,542) | (6,315,429) | |
| 16. FURNITURE & EQUIPMENT..... | | 27,797 | 27,797 | |
| 17. LESS: ACCUMULATED DEPRECIATION..... | | (27,797) | (27,797) | |
| 18. | | | | |
| 19. TOTAL FIXED ASSETS (Add 13 thru 18) | | 2,857,120 | 3,120,930 | |

OTHER ASSETS

| | | | | |
|---|--|-----------|-----------|--|
| 20. | | | | |
| 21. TOTAL ASSETS (Add 12, 19 and 20) | | 3,628,284 | 3,861,382 | |

LIABILITIES AND OWNERS EQUITY

CURRENT LIABILITIES

| | | | | |
|---|--|---------|---------|--|
| 22. TOTAL ACCOUNTS PAYABLE (Attach list) | | 26,662 | 42,037 | |
| ACCTS PAYABLE 0-30 DAYS \$23,134 | | | | |
| ACCTS PAYABLE 30-60 DAYS \$3,292 | | | | |
| ACCTS PAYABLE 60-90 DAYS | | | | |
| ACCTS PAYABLE OVER 90 DAYS \$236 | | | | |
| 23. NOTES PAYABLE (Attach list) | | 40,639 | 39,114 | |
| 24. SECURITY DEPOSITS..... | | 75,617 | 71,691 | |
| 25. TOTAL CURRENT LIABILITIES (Add 22 thru 24) | | 142,918 | 152,842 | |

According to the Paperwork Reduction Act of 1995, an agency may not conduct or sponsor, and a person is not required to respond to a collection of information unless it displays a valid OMB control number. The valid OMB control number for this information collection is 0575-0189. The time required to complete this information collection is estimated to average 2 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information.

LONG-TERM LIABILITIES

| | | | |
|--|-----------|-----------|--|
| 26. NOTES PAYABLE RURAL DEVELOPMENT | 1,853,497 | 2,059,811 | |
| 27. OTHER (Identify) | | | |
| 28. TOTAL LONG-TERM LIABILITIES (Add 26 and 27) | 1,853,497 | 2,059,811 | |
| 29. TOTAL LIABILITIES (Add 25 and 28) | 1,996,415 | 2,212,653 | |
| 30. OWNER'S EQUITY (Net Worth) (21 minus 29) | 1,631,869 | 1,648,729 | |
| 31. TOTAL LIABILITIES AND OWNER'S EQUITY (Add 29 and 30) | 3,628,284 | 3,861,382 | |

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FORGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

Oct. 1, 2018
(Date)

Anita Maldonado
(Signature of Borrower or Borrower's Representative)

Anita Maldonado, CEO, California Human Development Cor
(Title)

PART II - THIRD PARTY VERIFICATION OF REVIEW

I/We have reviewed the borrower's records. The accompanying balance sheet, and statement of actual budget and income on Form RD 3560-7, is a fair representation of the borrower's records.

I/We certify that no identity of interest exists between me/us and any individual or organization doing business with the project or borrower.

(Date)

(Signature)

(Name and Title)

(Address)

In lieu of the above verification and signature, a review completed, dated and signed by a person or firm qualified by license or certification is _____ed.

Form RD 3560-7

MULTIPLE FAMILY HOUSING PROJECT BUDGET/ UTILITY ALLOWANCE

FORM APPROVED

(REV. 05-06)

OMB NO.0575-0189

| | | | | | |
|---|--|---|---|---|---|
| PROJECT NAME Mahal Plaza | | | BORROWER NAME California Human Development Corp | | BORROWER ID OR PROJECT NO. 04-051-792077137 047 |
| Loan/Transfer Amount \$ - | | Note Rate Payment \$ - | | IC Payment \$ - | |
| Reporting Period <input checked="" type="checkbox"/> Annual <input type="checkbox"/> Quarterly <input type="checkbox"/> Monthly | Budget Type <input type="checkbox"/> Initial <input checked="" type="checkbox"/> Regular Report <input type="checkbox"/> Rent Change <input type="checkbox"/> SNR <input type="checkbox"/> Other Servicing | Project Rental Type <input checked="" type="checkbox"/> Family <input type="checkbox"/> Elderly <input type="checkbox"/> Congregate <input type="checkbox"/> Group Home <input type="checkbox"/> Mixed <input type="checkbox"/> LH | Profit Type <input type="checkbox"/> Full Profit <input type="checkbox"/> Limited Profit <input checked="" type="checkbox"/> Non-Profit | Following utilities are metered: <input type="checkbox"/> Electricity <input checked="" type="checkbox"/> Water <input checked="" type="checkbox"/> Sewer <input type="checkbox"/> Other: _____ <input type="checkbox"/> Gas <input checked="" type="checkbox"/> Trash | |
| I hereby request <u>97</u> units of RA. Current number of RA units: <u>95</u> Borrower Accounting Method <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Cash | | | | | |

PART I - CASH FLOW STATEMENT

| | BEGINNING DATES> ENDING DATES> | CURRENT BUDGET 07/01/17 06/30/18 | ACTUAL 07/01/17 06/30/18 | PROPOSED BUDGET 07/01/18 06/30/19 | COMMENTS or (YTD) |
|-------------------------------------|---|---|--------------------------------|--|----------------------|
| OPERATIONAL CASH SOURCES | | | | | |
| 1 | RENTAL INCOME..... | \$ 964,356 | \$ 577,458 | \$ 988,800 | |
| 2 | RHS RENTAL ASSISTANCE RECEIVED..... | | \$ 377,903 | | |
| 3 | APPLICATION FEES RECEIVED..... | | \$ - | | |
| 4 | LAUNDRY AND VENDING..... | \$ 9,000 | \$ 7,914 | \$ 6,000 | |
| 5 | INTEREST INCOME..... | \$ 600 | \$ 1,120 | \$ 600 | |
| 6 | TENANT CHARGES..... | \$ 3,000 | \$ 8,600 | \$ 5,000 | |
| 7 | OTHER - PROJECT SOURCES..... | \$ 27,312 | \$ 27,147 | \$ 27,312 | |
| 8 | LESS (Vacancy and Contingency Allowance)..... | \$ (14,465) | | \$ (14,832) | |
| 9 | LESS (Agency Approved Incentive Allowance)..... | \$ - | | \$ - | |
| 10 | SUB-TOTAL [(1 thru 7)-(8 & 9)]..... | \$ 989,803 | \$ 1,000,142 | \$ 1,012,880 | |
| NON-OPERATIONAL CASH SOURCES | | | | | |
| 11 | CASH - NON PROJECT..... | \$ - | \$ - | \$ - | |
| 12 | AUTHORIZED LOAN (Non-RHS)..... | \$ - | \$ - | \$ - | |
| 13 | TRANSFER FROM RESERVE..... | \$ 281,945 | \$ 67,499 | \$ 236,655 | |
| 14 | SUB-TOTAL (11 thru 13)..... | \$ 281,945 | \$ 67,499 | \$ 236,655 | |
| 15 | TOTAL CASH SOURCES (10+14)..... | \$ 1,271,748 | \$ 1,067,641 | \$ 1,249,535 | |
| OPERATIONAL CASH USES | | | | | |
| 16 | TOTAL O&M EXPENSES (From Part II)..... | \$ 672,685 | \$ 659,875 | \$ 692,408 | |
| 17 | RHS DEBT PAYMENT..... | \$ 225,948 | \$ 225,948 | \$ 225,948 | |
| 18 | RHS PAYMENT (Overage)..... | | \$ - | | |
| 19 | RHS PAYMENT (Late Fee)..... | | \$ - | | |
| 20 | REDUCTION IN PRIOR YEAR PAYABLES..... | | \$ - | | |
| 21 | TENANT UTILITY PAYMENTS..... | | \$ - | | |
| 22 | TRANSFER TO RESERVE..... | \$ 83,670 | \$ 84,402 | \$ 83,670 | |
| 23 | RETURN TO OWNER / NP ASSET MANAGEMENT..... | \$ 7,500 | \$ 7,500 | \$ 7,500 | |
| 24 | SUB-TOTAL (16 thru 23)..... | \$ 989,803 | \$ 977,725 | \$ 1,009,526 | |
| NON-OPERATIONAL CASH USES | | | | | |
| 25 | AUTHORIZED DEBT PAYMENTS (Non-RHS)..... | \$ - | \$ - | \$ - | |
| 26 | ANNUAL CAPITAL BUDGET (From Part III, Lines 4-6)..... | \$ 281,945 | \$ 67,499 | \$ 236,655 | |
| 27 | MISCELLANEOUS..... | \$ - | \$ - | \$ - | |
| 28 | SUB-TOTAL (25 thru 27)..... | \$ 281,945 | \$ 67,499 | \$ 236,655 | |
| 29 | TOTAL CASH USES (24+28)..... | \$ 1,271,748 | \$ 1,045,224 | \$ 1,246,181 | |
| 30 | NET CASH (DEFICIT) (15-29)..... | \$ - | \$ 22,417 | \$ 3,354 | |
| CASH BALANCE | | | | | |
| 31 | BEGINNING CASH BALANCE..... | \$ 206,441 | \$ 153,514 | \$ 110,000 | |
| 32 | ACCRUAL TO CASH ADJUSTMENT..... | | \$ (8,191) | | |
| 33 | ENDING CASH BALANCE (30+31+32)..... | \$ 206,441 | \$ 167,740 | \$ 113,354 | |

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PART II -- OPERATING AND MAINTENANCE EXPENSE SCHEDULE

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | COMMENTS or (YTD) |
|--|-------------------|------------|--------------------|----------------------|
| 1 MAINTENANCE AND REPAIRS PAYROLL..... | \$ 84,004 | \$ 67,926 | \$ 87,672 | |
| 2 MAINTENANCE AND REPAIRS SUPPLY..... | \$ 15,878 | \$ 17,350 | \$ 18,934 | |
| 3 MAINTENANCE AND REPAIRS CONTRACT..... | \$ 17,745 | \$ 18,723 | \$ 20,000 | |
| 4 PAINTING AND DECORATING..... | | \$ - | | |
| 5 SNOW REMOVAL..... | | \$ - | | |
| 6 ELEVATOR MAINTENANCE CONTRACT..... | | \$ - | | |
| 7 GROUNDS..... | \$ 25,000 | \$ 28,539 | \$ 25,000 | |
| 8 SERVICES..... | \$ 4,620 | \$ 5,018 | \$ 4,938 | |
| 9 ANNUAL CAPITAL BUDGET (From Part V-Operating) | \$ 12,130 | \$ 24,502 | \$ 15,730 | |
| 10 OTHER OPERATING EXPENSE (Itemize)..... | \$ - | \$ - | \$ - | |
| 11 SUB-TOTAL MAINT. & OPERATING (1 thru 10)..... | \$ 159,377 | \$ 162,058 | \$ 172,274 | |
| 12 ELECTRICITY..... | \$ 39,245 | \$ 32,815 | \$ 36,000 | |
| 13 WATER..... | \$ 24,000 | \$ 31,567 | \$ 31,000 | |
| 14 SEWER..... | \$ 42,000 | \$ 48,110 | \$ 47,000 | |
| 15 FUEL (Oil/Coal/Gas)..... | \$ 4,150 | \$ 4,004 | \$ 4,000 | |
| 16 GARBAGE & TRASH REMOVAL..... | \$ 45,000 | \$ 45,213 | \$ 45,214 | |
| 17 OTHER UTILITIES..... | \$ - | \$ - | \$ - | |
| 18 SUB-TOTAL UTILITIES (12 thru 17)..... | \$ 154,395 | \$ 161,709 | \$ 163,214 | |
| 19 SITE MANAGEMENT PAYROLL..... | \$ 100,769 | \$ 101,446 | \$ 102,752 | |
| 20 MANAGEMENT FEE..... | \$ 74,496 | \$ 74,368 | \$ 74,496 | |
| 21 PROJECT AUDITING EXPENSE..... | \$ 1,000 | \$ 569 | \$ 1,200 | |
| 22 PROJECT BOOKKEEPING/ACCOUNTING..... | | \$ - | | |
| 23 LEGAL EXPENSES..... | \$ 1,000 | \$ 822 | \$ 1,000 | |
| 24 ADVERTISING..... | \$ 1,000 | \$ 140 | \$ 1,000 | |
| 25 TELEPHONE & ANSWERING SERVICE..... | \$ 19,160 | \$ 15,734 | \$ 19,080 | |
| 26 OFFICE SUPPLIES..... | \$ 3,107 | \$ 4,938 | \$ 3,000 | |
| 27 OFFICE FURNITURE & EQUIPMENT..... | \$ 3,600 | \$ - | \$ 3,000 | |
| 28 TRAINING EXPENSE..... | \$ 200 | \$ 3,566 | \$ 2,658 | |
| 29 HEALTH INS. & OTHER EMP. BENEFITS..... | \$ 32,753 | \$ 24,741 | \$ 31,953 | |
| 30 PAYROLL TAXES..... | \$ 13,737 | \$ 12,855 | \$ 14,422 | |
| 31 WORKMAN'S COMPENSATION..... | \$ 37,549 | \$ 29,845 | \$ 32,492 | |
| 32 OTHER ADMINISTRATIVE EXPENSES (Itemize)..... | \$ 16,442 | \$ 15,332 | \$ 17,612 | |
| 33 SUB-TOTAL ADMINISTRATIVE (19 thru 32)..... | \$ 304,813 | \$ 284,356 | \$ 304,665 | |
| 34 REAL ESTATE TAXES..... | \$ 14,000 | \$ 13,114 | \$ 12,000 | |
| 35 SPECIAL ASSESSMENTS..... | | \$ - | \$ - | |
| 36 OTHER TAXES, LICENSES & PERMITS..... | \$ 100 | \$ 90 | \$ 255 | |
| 37 PROPERTY & LIABILITY INSURANCE..... | \$ 40,000 | \$ 38,548 | \$ 40,000 | |
| 38 FIDELITY COVERAGE INSURANCE..... | \$ - | \$ - | \$ - | |
| 39 OTHER INSURANCE..... | \$ - | \$ - | \$ - | |
| 40 SUB-TOTAL TAXES & INSURANCE (34 thru 39)..... | \$ 54,100 | \$ 51,752 | \$ 52,255 | |
| 41 TOTAL O&M EXPENSES (11+18+33+40)..... | \$ 672,685 | \$ 659,875 | \$ 692,408 | |

If master metered ,
check box
on front.

PART III -- ACCOUNT BUDGETING/STATUS

| | CURRENT BUDGET | ACTUAL | PROPOSED BUDGET | COMMENTS or (YTD) |
|--|-------------------|------------|--------------------|----------------------|
| RESERVE ACCOUNT: | | | | |
| 1 BEGINNING BALANCE..... | \$ 429,752 | \$ 447,990 | \$ 469,300 | |
| 2 TRANSFER TO RESERVE..... | \$ 83,670 | \$ 84,402 | \$ 83,670 | |
| TRANSFER FROM RESERVE..... | | | | |
| 3 OPERATING DEFICIT..... | \$ - | \$ - | \$ - | |
| 4 ANNUAL CAPITAL BUDGET (Part V-Reserve) | \$ 281,945 | \$ 67,499 | \$ 236,655 | |
| 5 BUILDING & EQUIPMENT REPAIR..... | \$ - | \$ - | \$ - | |
| 6 OTHER NON-OPERATING EXPENSES..... | \$ - | \$ - | \$ - | |
| 7 TOTAL (3 thru 6)..... | \$ 281,945 | \$ 67,499 | \$ 236,655 | |
| 8 ENDING BALANCE [(1+2)-7]..... | \$ 231,477 | \$ 464,893 | \$ 316,315 | |

GENERAL OPERATING ACCOUNT:*

| | | |
|------------------------|------------|--|
| BEGINNING BALANCE..... | \$ 153,514 | |
| ENDING BALANCE..... | \$ 167,740 | |

**REAL ESTATE TAX AND INSURANCE ESCROW
ACCOUNT:***

| | | |
|------------------------|-----------|--|
| BEGINNING BALANCE..... | \$ 47,619 | |
| ENDING BALANCE..... | \$ 38,279 | |

TENANT SECURITY DEPOSIT ACCOUNT:*

| | | |
|------------------------|-----------|--|
| BEGINNING BALANCE..... | \$ 76,361 | |
| ENDING BALANCE..... | \$ 77,937 | |

*(Complete upon submission of actual expenses.)

| | | | |
|--------------------------------------|----|---------------------------------|------------|
| NUMBER OF APPLICANTS ON WAITING LIST | 67 | RESERVE ACCT. REQ. BALANCE..... | \$ 294,182 |
| NUMBER OF APPLICANTS NEEDING R.A. | 67 | AMOUNT AHEAD/BEHIND..... | \$ 170,711 |

PART IV – RENT SCHEDULE AND UTILITY ALLOWANCE

A. CURRENT APPROVED RENTS/UTILITY ALLOWANCE:

| UNIT DESCRIPTION | | | RENTAL RATES | | | POTENTIAL INCOME FROM EACH RATE | | | UTILITY ALLOWANCE |
|---------------------|-----------|--------|--------------|-----------|------|---------------------------------|------------|------|-------------------|
| BR SIZE | UNIT TYPE | NUMBER | BASIC | NOTE RATE | HUD | BASIC | NOTE RATE | HUD | |
| 2 | S | 20 | \$ 779 | \$ 779 | \$ - | \$ 186,960 | \$ 186,960 | \$ - | \$51 |
| 3 | M | 58 | \$ 829 | \$ 829 | \$ - | \$ 576,984 | \$ 576,984 | \$ - | \$77 |
| 4 | L | 19 | \$ 879 | \$ 879 | \$ - | \$ 200,412 | \$ 200,412 | \$ - | \$97 |
| 3 | Z | 1.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$0 |
| | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$0 |
| CURRENT RENT TOTALS | | | | | | \$ 964,356 | \$ 964,356 | \$ - | |
| | | | | | | BASIC | NOTE | HUD | |

B. PROPOSED RENTS - Effective Date: 7/1/2018

| UNIT DESCRIPTION | | | RENTAL RATES | | | POTENTIAL INCOME FROM EACH RATE | | |
|---------------------|-----------|--------|--------------|-----------|------|---------------------------------|------------|------|
| BR SIZE | UNIT TYPE | NUMBER | BASIC | NOTE RATE | HUD | BASIC | NOTE RATE | HUD |
| 2 | S | 20 | \$ 800 | \$ 800 | \$ - | \$ 192,000 | \$ 192,000 | \$ - |
| 3 | M | 58 | \$ 850 | \$ 850 | \$ - | \$ 591,600 | \$ 591,600 | \$ - |
| 4 | L | 19 | \$ 900 | \$ 900 | \$ - | \$ 205,200 | \$ 205,200 | \$ - |
| 3 | Z | 1.00 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| | | | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| CURRENT RENT TOTALS | | | | | | \$ 988,800 | \$ 988,800 | \$ - |
| | | | | | | BASIC | NOTE | HUD |

C. PROPOSED UTILITY ALLOWANCE - Effective Date 7/1/2018

MONTHLY DOLLAR ALLOWANCES

| BR SIZE | UNIT TYPE | NUMBER | ELECTRIC | GAS | WATER | SEWER | TRASH | OTHER | TOTAL |
|---------|-----------|--------|----------|------|-------|-------|-------|-------|-------|
| 2 | S | 20 | \$40 | \$24 | | | | (\$7) | \$57 |
| 3 | M | 58 | \$65 | \$31 | | | | (\$7) | \$89 |
| 4 | L | 19 | \$82 | \$36 | | | | (\$7) | \$111 |
| 3 | Z | 1 | | | | | | | \$0 |
| | | | | | | | | | \$0 |
| | | | | | | | | | \$0 |

PART V -- ANNUAL CAPITAL BUDGET

| | Proposed number of Units/Items | Proposed from Reserve | Actual from Reserve | Proposed from Operating | Actual from Operating | Actual Total Cost | Total Actual Units/Items |
|--|--------------------------------------|--------------------------|------------------------|-------------------------------|--------------------------|----------------------|-----------------------------|
| Appliances: | | | | | | | |
| Range..... | 7 | 4,000 | 514 | - | - | 514 | 1 |
| Refrigerator..... | 6 | 5,667 | 1,054 | 733 | - | 1,054 | 1 |
| Range hood..... | 7 | - | 409 | 1,000 | - | 409 | 1 |
| Washers & dryers..... | 0 | - | - | - | - | - | 0 |
| Other..... | 0 | - | - | - | - | - | 0 |
| Carpet and Vinyl: | | | | | | | |
| 1 BR..... | 0 | - | - | - | - | - | 0 |
| 2 BR..... | 2 | 4,000 | - | - | - | - | 0 |
| 3 BR..... | 4 | 8,483 | 10,460 | 2,667 | - | 10,460 | 2 |
| 4 BR..... | 2 | 3,250 | - | 3,250 | - | - | 0 |
| Other..... | 0 | - | - | - | - | - | 0 |
| Cabinets: | | | | | | | |
| Kitchens..... | 2 | 12,000 | 8,309 | - | 2,883 | 11,192 | 2 |
| Bathrooms..... | 0 | - | 2,509 | - | 721 | 3,230 | 2 |
| Other..... | 0 | - | - | - | - | - | 0 |
| Doors: | | | | | | | |
| Exterior..... | 0 | - | - | - | - | - | 0 |
| Interior..... | 12 | 3,000 | 1,609 | - | - | 1,609 | 1 |
| Other: (Screen Doors)..... | 0 | - | - | - | - | - | 0 |
| Window Coverings: | | | | | | | |
| List.....Blinds..... | 6 | - | - | 1,800 | - | - | 0 |
| Other..... | 0 | - | - | - | - | - | 0 |
| Heating & Air Conditioning: | | | | | | | |
| Heating..... | 2 | 2,000 | - | - | - | - | 0 |
| Air conditioning..... | 2 | 6,000 | 7,368 | - | - | 7,368 | 2 |
| Other..... | - | - | - | - | - | - | 0 |
| Plumbing: | | | | | | | |
| Water heater..... | 37 | 28,050 | 6,409 | 1,600 | - | 6,409 | 2 |
| Bath sinks..... | 0 | - | 1,009 | - | - | 1,009 | 1 |
| Kitchen sinks..... | 0 | - | 1,009 | - | - | 1,009 | 1 |
| Faucets..... | 0 | - | 1,009 | - | - | 1,009 | 1 |
| Toilets..... | 10 | 2,000 | 1,009 | - | - | 1,009 | 1 |
| Other...Tub Refinishing..... | 0 | 6,000 | 1,309 | - | - | 1,309 | 1 |
| Major Electrical: | | | | | | | |
| List: Exterior Light Fixtures..... | | 5,000 | 1,080 | - | - | 1,080 | |
| Other: Interior light fixtures, outlets & switches..... | | - | 5,659 | - | - | 5,659 | |
| Structures: | | | | | | | |
| Windows..... | 20 | 2,520 | 3,609 | 1,080 | - | 3,609 | 1 |
| Screens..... | 0 | - | - | - | - | - | 0 |
| Walls..... | | - | 6,365 | - | - | 6,365 | |
| Roofing..... | | 80,000 | - | - | - | - | |
| Siding..... | | - | - | - | - | - | |
| Exterior painting..... | | - | - | - | - | - | 0 |
| Other...Dry Rot Repairs..... | | - | - | - | 20,898 | 20,898 | |
| Paving: | | | | | | | |
| Asphalt..... | | - | - | - | - | - | |
| Concrete..... | | 16,775 | - | - | - | - | |
| Seal and stripe..... | | 25,200 | - | - | - | - | |
| Other..... | | - | - | - | - | - | |
| Landscape and Grounds: | | | | | | | |
| Landscaping..... | | 15,000 | 6,800 | - | - | 6,800 | |
| Lawn equipment..... | | - | - | - | - | - | |
| Fencing..... | | 5,000 | - | - | - | - | |
| Recreation area..... | | 5,000 | - | - | - | - | |
| Signs..... | | 5,000 | - | - | - | - | |
| Other..... | | - | - | - | - | - | |
| Accessibility Features: | | | | | | | |
| List..... | | 5,000 | - | - | - | - | |
| Other..... | | - | - | - | - | - | |
| Automation Equipment: | | | | | | | |
| Site Management..... | | - | - | - | - | - | |
| Common Area..... | | - | - | - | - | - | |
| Other..... | | 15,000 | - | - | - | - | |
| Other: | | | | | | | |
| List..... | | 20,000 | - | - | - | - | |
| List..... | | - | - | - | - | - | |
| List..... | | - | - | - | - | - | |
| TOTAL CAPITAL EXPENSES: | 119 | 281,945 | 67,499 | 12,130 | 24,502 | 92,001 | |

PART VI -- SIGNATURES, DATES AND COMMENTS

Warning: Section 1001 of Title 18, United States Code Provides: "Whoever, in any matter within the jurisdiction of any department or agency of the United States knowingly and willfully falsifies, conceals or covers up by any trick, scheme, or device a material fact, or makes any false, fictitious or fraudulent statements or representations, or makes or uses any false writing or document knowing the same to contain any false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than five years, or both."

I HAVE READ THE ABOVE WARNING STATEMENT AND I HEREBY CERTIFY THAT THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

10-1-18
(DATE)

Anita Maldonado
(Signature of Borrower or Borrower's Representative)

ANITA MALDONADO, CEO, CALIFORNIA HUMAN DEVELOPMENT
(Title)

AGENCY APPROVAL (USDA Rural Development approval official):

DATE:

COMMENTS:

NARRATIVE:

CALIFORNIA HUMAN DEVELOPMENT CORPORATON
MAHAL PLAZA SUPPLEMENTARY DATA REQUIRED BY USDA
YEAR ENDED JUNE 30, 2018

Findings of noncompliance with laws, USDA regulations, and loan or security instruments (USDA or other)

None reported.

Identify of interest (IOI) relationship between owner, management firm, any maintenance firm, supplier, vendors or any other entity or person used to provide services or supplies to the project

None reported.

Firms paid to the management firm in excess of the approved management fee

| | |
|--------------------------------|-----------------|
| Total approved management fee: | \$ 74,496 |
| Total management fee paid: | \$ 74,368 |
| Excess (+) Deficit (-): | <u>\$ (128)</u> |

Project accounts encumbered

None reported.

Project Accounts

| Account Type | Account Number | Bank Name | Interest Rate | 6/30/2018 Balance |
|---------------------------|----------------|------------------|---------------|-------------------|
| Operating | 494-5023620 | Wells Fargo Bank | | \$ 167,740 |
| Replacement Reserve | 494-5076099 | Wells Fargo Bank | | \$ 464,893 |
| Tax and Insurance Reserve | 494-5082766 | Wells Fargo Bank | | \$ 38,279 |
| Security Deposits | 494-5082758 | Wells Fargo Bank | | \$ 77,937 |

Compensation of Owner

No compensation was paid to owner.

CALIFORNIA HUMAN DEVELOPMENT CORPORATON
MAHAL PLAZA SUPPLEMENTARY DATA REQUIRED BY USDA
YEAR ENDED JUNE 30, 2018

Reserve Account Reconciliation:

| | | |
|--|------------|---|
| 1. Reserve balance required at fiscal year beginning | \$ 447,990 | |
| 2. Required annual deposits to reserve account | 83,670 | |
| 3. Actual annual deposits to reserve account | 84,402 | 1 |
| 4. Total all authorized regular reserve withdrawals | 67,499 | 2 |
| 5a Total all authorized excess reserve withdrawals | - | |
| 5b Total all unauthorized reserve withdrawals | - | |
| 6. Reserve balance required at fiscal year end (1 + 2 - 4) | 464,161 | |
| 7. Verified reserve balance at fiscal year end | 464,893 | |
| 8. Amount reserve is over-funded (+) or under funded (-) (7 - 6) | \$ 732 | |

(1) Includes the following:

| | |
|--|-----------|
| Annual reserve deposits | \$ 83,670 |
| Additional deposit - excess operating cash | - |
| Earned interest | 732 |
| | \$ 84,402 |

(2) Approved reserve account withdrawals:

| Check # | Check Date | Vendor | Amount |
|---------|------------|--|--------------|
| 1451 | 07/12/17 | Sherwin Williams Sacramento | 1,351.06 |
| 1452 | 11/01/17 | Jc Electrical | 1,080.00 |
| 1453 | 11/16/17 | Blankenship Electric & Communication | 1,100.00 |
| 1454 | 11/16/17 | Total Comfort Heating & Air Conditioni | 2,967.63 |
| 1455 | 12/20/17 | Bhandal Construction | 1,000.00 |
| 1456 | 01/03/18 | Rojas Landscape Service | 6,800.00 |
| 1457 | 01/10/18 | Bhandal Construction | 21,500.00 |
| 1458 | 02/06/18 | Bhandal Construction | 22,500.00 |
| 1459 | 03/15/18 | Fletcher's Plumbing & Contracting | 4,800.00 |
| 1460 | 05/24/18 | Kool Air | 4,400.00 |
| | | | \$ 67,498.69 |

CALIFORNIA HUMAN DEVELOPMENT CORPORATON
MAHAL PLAZA SUPPLEMENTARY DATA REQUIRED BY USDA
YEAR ENDED JUNE 30, 2018

Surplus Cash Reconciliation:

| | |
|---|--------------------------|
| 1. Operating account balance at fiscal year end | \$ 168,240 |
| 2. Housing assistance payment receivable | 13,375 |
| 3. Security Deposit account balance at fiscal year end | 77,937 |
| 4. Operating account payables at fiscal year end | 67,301 |
| Accounts Payable: | 26,662 |
| Accrued Payroll & Payroll Taxes: | - |
| Loans and notes payable due with 30 days: | |
| Prepaid Rent | 1,564 |
| Unearned Income: | 39,075 |
| 5. Required Security Deposit account balance at fiscal year end | 71,691 |
| 6. Adjusted operating account balance at fiscal year end (1 + 2 + 3 - 4 -5) | <u>\$ 120,560</u> |
| 7. Operating and maintenance budget for fiscal year | \$ 672,685 |
| 8. Insurance budget for fiscal year | 40,000 |
| 9. Net operating and maintenance budget for fiscal year (7 - 8) | <u>\$ 632,685</u> |
| 10. Allowable Excess Cash - 20% x Net Operating and Maintenance Budget (20% x 9) | <u>\$ 126,537</u> |
| 11. Excess cash (+) or cash deficiency (-) (6 - 9) | <u><u>\$ (5,977)</u></u> |

Reserve for Tax & Insurance

| | |
|-----------------------------------|-------------------------|
| Balance, beginning of year | \$ 47,619 |
| Total deposits for current year | 27,741 |
| Interest earned during the year | 48 |
| Withdrawals (approved by USDA-RD) | <u>(37,129)</u> |
| Balance, end of year | <u><u>\$ 38,279</u></u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Balance Sheets
For the Years Ended June 30, 2018 and 2017

| ASSETS | | 2018 | 2017 |
|----------------------------|---|----------------------------|----------------------------|
| Investment in real estate: | | | |
| 1410 | Land | \$ 310,000 | \$ 310,000 |
| 1420 | Building and Improvements | 9,202,662 | 9,126,360 |
| 1420 | Furniture, Fixtures and equipment | 27,797 | 27,797 |
| 1495 | Less: accumulated depreciation | <u>(6,683,340)</u> | <u>(6,343,226)</u> |
| 1400N | Net investment in real estate | 2,857,119 | 3,120,931 |
| Other assets: | | | |
| 1120 | Cash - operating & petty | 168,240 | 154,014 |
| 1321 | Rent receivable | 17,580 | 13,950 |
| 1140 | Notes receivable-operations | - | 51 |
| | Restricted deposits (note 3) | | |
| 1320 | Replacement reserve | 464,893 | 447,990 |
| 1330 | Tax & Insurance | 38,279 | 47,619 |
| 1191 | Tenant security deposits | 77,937 | 76,361 |
| 1200 | Prepaid expenses | <u>4,234</u> | <u>465</u> |
| 1000T | Total assets | <u><u>\$ 3,628,282</u></u> | <u><u>\$ 3,861,381</u></u> |
| | | | |
| Liabilities And Net Assets | | | |
| Liabilities | | | |
| 2300T | Notes payable (note 4) | \$ 1,853,497 | \$ 2,059,811 |
| 2110 | Accounts payable and accrued expenses | 26,662 | 42,074 |
| 2210 | Deferred revenue (prepaid rent & unearned income) | 40,639 | 39,114 |
| 2191 | Tenant security deposits | <u>75,617</u> | <u>71,691</u> |
| 2000T | Total liabilities | <u>1,996,415</u> | <u>2,212,690</u> |
| Net Assets | | 1,648,690 | 1,701,589 |
| 3130 | Change in net assets | <u>(16,823)</u> | <u>(52,898)</u> |
| 3250 | Total net assets | <u>1,631,867</u> | <u>1,648,691</u> |
| | Total liabilities and net assets | <u><u>\$ 3,628,282</u></u> | <u><u>\$ 3,861,381</u></u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Statements of Operations
For the Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|---------------------------|---------------------------|
| Income | | |
| 5120 Gross potential rent | \$ 597,001 | \$ 561,428 |
| 5121 Tenant Assistance Payments | 377,920 | 384,572 |
| 5140 Rent revenue - Stores & Commercial | 26,592 | 25,928 |
| 5200 Less: vacancies | <u>(8,995)</u> | <u>(12,025)</u> |
| | 992,518 | 959,903 |
| 5400T Financial revenue | 1,121 | (77) |
| Other income: | | |
| 5910 Laundry and vending income | 7,914 | 8,199 |
| 5920 Other tenant charges | 7,850 | 6,185 |
| 5990 Miscellaneous | <u>1,305</u> | <u>806</u> |
| Total Income | <u>1,010,708</u> | <u>975,016</u> |
| Operating expenses: | | |
| 6263T Administrative | 227,462 | 222,698 |
| 6400T Utilities | 116,496 | 112,835 |
| 6500T Operating and maintenance | 197,117 | 190,534 |
| 6700T Taxes and insurance | <u>119,193</u> | <u>128,009</u> |
| Total operating expenses | <u>660,268</u> | <u>654,076</u> |
| Net operating income | <u>350,440</u> | <u>320,940</u> |
| Financial, partnership and other expenses: | | |
| 6600 Depreciation | 340,114 | 344,641 |
| 6820 Interest (note 6) | 19,649 | 21,697 |
| 7190 Asset Management Fee (note 5) | <u>7,500</u> | <u>7,500</u> |
| Total financial, partnership and other expenses | <u>367,263</u> | <u>373,838</u> |
| 3250 Net loss | <u><u>\$ (16,823)</u></u> | <u><u>\$ (52,898)</u></u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|-------------------|-------------------|
| Cash flow from operating activities: | | |
| Rental receipts | \$ 990,413 | \$ 957,011 |
| Interest receipts | 1,121 | 819 |
| Other receipts | 17,120 | 15,224 |
| Total receipts | <u>1,008,654</u> | <u>973,054</u> |
| Administrative | (153,094) | (56,477) |
| Management fee | (74,368) | (72,168) |
| Utilities | (125,990) | (119,160) |
| Operating and maintenance | (206,804) | (124,010) |
| Taxes and insurance | (80,555) | - |
| Property insurance | (38,548) | (39,211) |
| Miscellaneous taxes and insurance | (90) | (75,641) |
| Interest | (19,649) | (21,697) |
| Asset management fee | (7,500) | (7,500) |
| Tenant security deposits | 2,350 | (3,968) |
| Other adjustments to reconcil net profit (loss) | (1) | - |
| Real estate taxes | - | (13,157) |
| Salaries & wages | - | (171,184) |
| Total disbursements | <u>(704,249)</u> | <u>(704,173)</u> |
| Net cash provided by operating activities | <u>304,405</u> | <u>268,881</u> |
| Cash flows from investing activities: | | |
| Purchase of property and equipment | (76,302) | (90,825) |
| Net (increase) decrease to reserve for replacements | (16,903) | (18,237) |
| Net (increase) decrease to reserve for taxes & insurance | 9,340 | (8,483) |
| Net cash used in investing activities | <u>(83,865)</u> | <u>(117,545)</u> |
| Cash flows from financing activities: | | |
| Payment of notes payable | (206,314) | (204,263) |
| Net cash used in financing activities | <u>(206,314)</u> | <u>(204,263)</u> |
| Net increase in cash | <u>14,226</u> | <u>(52,927)</u> |
| Cash, beginning of year | 154,014 | 206,941 |
| Cash, end of year | <u>\$ 168,240</u> | <u>\$ 154,014</u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Statements of Cash Flows
For the Years Ended June 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|--|--------------------------|--------------------------|
| Cash flows from operating activities | | |
| Net Loss | \$ (16,823) | \$ (52,898) |
| Reconciliation of net loss to cash provided by operating activities: | | |
| Depreciation | 340,114 | 344,641 |
| Loss on Disposal of Asset | - | 896 |
| (Increase) decrease in assets: | | |
| Grant receivable | 224 | (2,557) |
| Rent receivable | (3,854) | 364 |
| Other receivable | 51 | 34 |
| Prepaid expenses | (3,769) | (44) |
| Tenant security deposits - net | 2,350 | (3,968) |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (15,412) | (16,888) |
| Deferred revenue | 1,525 | (699) |
| Other adjustments to reconcile net profit (loss) | (1) | |
| Net cash provided by operating activities | <u><u>\$ 304,405</u></u> | <u><u>\$ 268,881</u></u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION**MAHAL PLAZA****HCD - GRANT #86-FWHG-01****USDA - PROJECT #04 051-792077137 047****Schedules of Operating Revenues****For the Year Ended June 30, 2018**

| Schedule of Operating Revenues | | 2018 |
|--|---|----------------------------|
| Rent Revenue | | |
| 5120 Rent Revenue-Gross Potential | \$ | 597,001 |
| 5121 Tenant Assistance Payments | | 377,920 |
| 5140 Rent Revenue - Stores & Commercial | | 26,592 |
| 5170 Rent Revenue - Garage & Parking | | - |
| 5180 Flexible Subsidy Revenue | | - |
| 5190 Miscellaneous Rent Revenue | | - |
| 5100T | Total Rent Revenue | <u>1,001,513</u> |
| Vacancies | | |
| 5220 Apartments | | 8,995 |
| 5240 Stores & Commercial | | - |
| 5250 Rental Concessions | | - |
| 5270 Garage & Parking Spaces | | - |
| 5290 Miscellaneous | | - |
| 5200T | Total Vacancies | <u>8,995</u> |
| 5152N | Net Revenue (Rent Revenue Less Vacancies) | <u>992,518</u> |
| Financial Revenue | | |
| 5410 Financial Revenue - Project Operations | | 340 |
| 5430 Revenue from Investments - Residual Receipts | | - |
| 5440 Revenue from Investments - Replacement Reserves | | 732 |
| 5490 Revenue from Investments - Misc. | | 49 |
| 5400T | Total Financial Revenue | <u>1,121</u> |
| Other Revenue | | |
| 5910 Laundry & Vending Revenue | | 7,914 |
| 5920 Tenant Charges | | 7,850 |
| 5990 Misc. Revenue | | 1,305 |
| 5900T | Total Other Revenue | <u>17,069</u> |
| 5000T | Total Revenue | <u><u>\$ 1,010,708</u></u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Schedules of Operating Expenses
For the Year Ended June 30, 2018

| Schedule of Operating Expenses | | | | 2018 |
|---|--|--|-------|----------------|
| Administrative Expenses | | | | |
| 6203 | Conventions & Meetings | | | \$ 3,566 |
| 6204 | Management Consultants | | | - |
| 6210 | Advertising & Marketing | | | 140 |
| 6250 | Other Renting Expenses | | | 992 |
| 6310 | Office Salaries | | | 37,412 |
| 6311 | Office Expenses | | | 32,987 |
| 6312 | Office or Model Apartment Rent | | | |
| 6320 | Management Fee | | | 74,368 |
| 6330 | Manager or Superintendent Salaries | | | 64,034 |
| 6331 | Administrative Rent Free Unit | | | 10,548 |
| 6340 | Legal Expense - Project | | | 822 |
| 6350 | Audit Expense | | | 568 |
| 6351 | Bookkeeping Fees/Accounting Services | | | - |
| 6370 | Bad Debts | | | 146 |
| 6390 | Miscellaneous Administrative Expenses | | - | 1,879 |
| | 6390-010 Description: Client activities | 6390-020 Amount: | 1,508 | |
| | 6390-010 Description: Mileage reimb | 6390-020 Amount: | 371 | |
| 6263T | | Total Administrative Expenses | | <u>227,462</u> |
| Utilities Expenses | | | | |
| 6450 | Electricity | | | 32,815 |
| 6451 | Water | | | 31,567 |
| 6452 | Gas | | | 4,004 |
| 6453 | Sewer | | | 48,110 |
| 6400T | | Total Utilities Expense | | <u>116,496</u> |
| Operating and Maintenance Expenses | | | | |
| 6510 | Payroll | | | 67,926 |
| 6515 | Supplies | | | 17,350 |
| 6520 | Contracts | | | 53,854 |
| 6521 | Operating & Maintenance Rent Free Unit | | | - |
| 6525 | Garbage & Trash Removal | | | 45,213 |
| 6530 | Security Payroll/Contracts | | | - |
| 6531 | Security Rent Free Unit | | | - |
| 6546 | Heating/Cooling Repairs & Maintenance | | | 12,774 |
| 6548 | Snow Removal | | | - |
| 6570 | Vehicle & Maintenance Equip. Operation & Repairs | | | - |
| 6580 | Lease Expense | | | - |
| 6590 | Misc. Op & Maintenance Expenses | | | - |
| 6500T | | Total Operating & Maintenance Expenses | | <u>197,117</u> |

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Schedules of Operating Expenses
For the Year Ended June 30, 2018

| Schedule of Operating Expenses | | 2018 |
|--|---|---------------------------|
| Taxes & Insurance | | |
| 6710 Real Estate Taxes | | 13,114 |
| 6711 Payroll Taxes (Project's share) | | 12,855 |
| 6720 Property & Liability Insurance (Hazard) | | 38,548 |
| 6721 Fidelity Bond Insurance | | - |
| 6722 Workmen's Compensation | | 29,845 |
| 6723 Health Insurance & Other Benefits | | 24,741 |
| 6790 Misc. Taxes, Licenses, Permits & Insurance | | 90 |
| 6700T | Total Taxes & Insurance | <u>119,193</u> |
| | Total Operating Expenses | <u>660,268</u> |
| Financial Expenses | | |
| 6820 Interest on Mortgage (or Bonds) Payable | | 19,649 |
| 6825 Interest on Other Mortgages | | - |
| 6830 Interest on Notes Payable (Long Term) | | - |
| 6840 Interest on Notes Payable (Short Term) | | - |
| 6850 Mortgage Insurance Premium / Service Charge | | - |
| 6890 Misc. Financial Expenses | | - |
| 6800T | Total Financial Expenses | <u>19,649</u> |
| 6000 | Total Cost of Operations before Depreciation | <u>679,917</u> |
| 5060 | Operating Profit (Loss) | <u>330,791</u> |
| Depreciation & Amortization Expenses | | |
| 6600 Depreciation Expense | | 340,114 |
| 6610 Amortization Expense | | - |
| 5060N | Operating Profit (Loss) | <u>(9,323)</u> |
| Net Entity Expenses | | |
| 7190 Other Expenses - detailed | | |
| 7190-010 Description: Asset Management Fee | | |
| 7190-010 Amount: | | 7,500 |
| 7100T | Total Net Entity Expenses | <u>7,500</u> |
| 3250 | Change in Total Net Assets from Operations | <u>\$ (16,823)</u> |

The accompanying notes are an integral part of these financial statements

**CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047**

Cash on Hand and in Banks

Unrestricted accounts:

| | |
|--------------------------------|-------------------|
| Petty cash | \$ 500 |
| Checking accounts - operations | 167,740 |
| Total | <u>\$ 168,240</u> |

Restricted accounts:

| | |
|--------------------------|-------------------|
| Tax and Insurance | \$ 38,279 |
| Replacement reserve | 464,893 |
| Operating reserve | - |
| Tenant Security Deposits | 77,937 |
| Total | <u>\$ 581,109</u> |

Tenant security deposits are maintained in a separate account and interest earned on these deposits is credited to a liability account to be refunded or applied for the benefit of tenants.

| | | |
|-----------------|------|---------------|
| Interest earned | 2018 | <u>\$ 136</u> |
|-----------------|------|---------------|

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Reserves for Replacements and Operating Expenses

In accordance with the provisions of the regulatory agreement, restricted cash is held by California Human Development to be utilized for replacements of property or other reserve requirements with the approval of USDA/RD as follows:

| | Replacement Reserve | Tax and Insurance Reserve |
|---|--------------------------------|--|
| Balance, June 30, 2017 | \$ 447,990 | \$ 47,619 |
| Monthly Deposits: | | |
| Twelve months at 6,972.50 per month | 83,670 | |
| Twelve months at 2,311.75 per month | | 27,741 |
| Additional Deposits | - | - |
| Interest earned | 732 | 48 |
| Withdrawals (amount capitalized) | (41,991) | - |
| Withdrawals (amount included in operating expenses) | (25,508) | (37,129) |
| Balance, June 30, 2018 | <u>\$ 464,893</u> | <u>\$ 38,279</u> |

Property, Equipment and Improvements

Following are the details of property, equipment and improvements:

| Property, Equipment & Improvements at Cost | Land | Building & Improvements | Furniture & Equipment | Total |
|--|-------------------|----------------------------|--------------------------|---------------------|
| Balance June 30, 2017 | \$ 310,000 | \$ 9,126,360 | \$ 27,797 | \$ 9,464,157 |
| Additions | - | 76,302 | - | 76,302 |
| Balance June 30, 2018 | <u>\$ 310,000</u> | <u>\$ 9,202,662</u> | <u>\$ 27,797</u> | <u>\$ 9,540,459</u> |

Accounts Payable and Accrued Expenses

Accounts payables are payables to vendors and are being paid on a current basis.

Detail follows:

| | |
|--------------------------|------------------|
| Accounts payable - trade | <u>\$ 26,662</u> |
|--------------------------|------------------|

Gross Potential Rents

| | |
|--|---------------------|
| Tenant rental payments | \$ 577,458 |
| Housing assistance payments | 377,920 |
| Commercial rental payments | 26,592 |
| Employee quarters (manager unit) shown as an expense | 10,548 |
| Vacancy loss and concessions | 8,995 |
| Total gross potential rents | <u>\$ 1,001,513</u> |

Management Fee

A property management fee of \$ 74,368 was incurred during 2018 for the property management services provided by California Human Development.

The accompanying notes are an integral part of these financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
MAHAL PLAZA
HCD - GRANT #86-FWHG-01
USDA - PROJECT #04 051-792077137 047

Computation of Operating Cash Flow/Surplus Cash
For the Year Ended June 30, 2018

Operating Cash Flow/Surplus Cash Computation - per HCD/CalHFA Regulatory Agreements

Operating Cash Flow/Surplus Cash will be distributed according to the USDA method.

Operating Income

| | |
|--|--------------|
| Total Income | \$ 1,010,708 |
| Interest earned on restricted reserve accounts | <u>(780)</u> |
| Adjusted operating income | 1,009,928 |

| | |
|---------------------|------------------|
| Operating expenses | <u>(660,268)</u> |
| Adjusted net income | <u>349,660</u> |

Other activity

| | |
|--|----------------------|
| Mandatory debt service | |
| Loan #1 Phase I | (74,992) |
| Loan #2 Phase II | (128,363) |
| Loan #3 JBCC | (22,605) |
| Replacement reserve deposits | (83,670) |
| Replacement reserve withdrawals (expensed) | 14,348 |
| Capital expenditures | (24,502) |
| Prepaid expense | <u>(3,769)</u> |
| Total other activity | <u>(323,553)</u> |
| Operating cash flow/surplus cash | <u>26,107</u> |

| | |
|--|-------------------------|
| Distribution of operating cash flow/surplus cash | <u>-</u> |
| Total cash available for distribution (net cash flow) | <u>\$ 26,107</u> |

For June 30, 2018, in accordance with the regulatory agreement with USDA-RD, a cash distribution is not required for this project.

The accompanying notes are an integral part of these financial statements

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Mahal Plaza is California Human Development Corporation's (CHDC) largest farmworker housing rental property. It is located in Yuba City, California. The project consists of 98 2, 3, and 4-bedroom townhouse apartments. Built in two phases, Phase I of Mahal Plaza was completed in 1990. The Phase II was completed in 1997. Phase II includes a child care center which offers day care services to the tenants. There is a large laundry facility located in each phase. In 2004, with the help of funding from USDA, CHD began construction of the Joe Benatar Community Building. This building serves as the rental office for Mahal Plaza and includes a community room that provides ESL classes and other services to the tenants and other members of the community of the county of Yuba.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed are described below to enhance the usefulness of the consolidated financial statements to the reader.

Accounting Method

The accompanying consolidated financial statements of CHDC have been prepared on the accrual basis of accounting in accordance with generally accepted accounting principles.

Estimates

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

Revenue Recognition

Rental income is shown at its maximum gross potential. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations.

Cash

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity, such as security deposit, replacement reserves, and operating reserves. CHDC typically maintains cash on deposit in banks in excess of the Federal Deposit Insurance Corporation limit. However, CHDC has not experienced any losses in such accounts. CHDC believes that it is not exposed to any significant cash credit risk.

Grant Receivable / Other Receivables

CHDC considers Grant Receivable / Other Receivables to be fully collectable; accordingly no allowance for doubtful accounts is required. If amounts become uncollectible, they will be charged to operation when that determination is made.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and Equipment

Property and equipment acquired using unrestricted net assets are considered owned by CHDC. Property and equipment are carried at cost, if purchased. Contributed assets are stated at fair market value at the date of contribution. Depreciation is calculated using the straight-line method over the estimated useful lives of the asset. Acquisitions of at least \$5,000 are capitalized and depreciated over its useful life.

Title to assets purchased with government funds are vested in the name of CHDC for use in the respective programs. However, the funding source may maintain a reversionary interest in the property as well as in the determination of use of any proceeds from the sale of the assets.

The useful lives of the assets are estimated as follows:

| | |
|-----------------------------------|-------------|
| Building and improvements | 10-40 years |
| Furniture, fixtures and equipment | 5 years |

Income Taxes

CHDC is a non-profit organization exempt from payment of federal and California income taxes under Section 501(c)(3) of the Internal Revenue Code and Section 23701(d) of the California Revenue and Taxation Code. Management believes CHDC has no uncertain tax positions as of June 30, 2018.

Compensated Absences

Employees of CHDC, begin to earn paid vacation time from their date of employment and accrue hours toward personal leave for each bi-weekly pay period. This accumulation of hours, if not used within the calendar year, is carried over and available in subsequent periods. Accrued personal leave hours, when used by employees, are paid based upon the prevailing authorized pay rate.

NOTE 3 – RESTRICTED DEPOSITS

Replacement Reserve

CHDC is required to maintain reserves for replacement and repair of property and equipment in accordance with lenders' regulatory agreement. The replacement reserves are held by CHDC and required to be funded in the annual aggregate amount of \$83,670. Expenditures are subject to the supervision and approval of USDA.

Tenant Security Deposits

CHDC is required to hold security deposits in a separate bank account in the name of the Project.

NOTE 4 – NOTES PAYABLE

Notes payable are secured by the property unless otherwise noted and summarized as follows:

| | | 2018 | | 2017 | |
|---|-----------|------------------|---------------------|------------------|--------------------|
| | | Interest Payable | Principal | Interest Payable | Principal |
| FMHA / USDA Rural Department for Mahal Plaza I | | | | | |
| Loan begin date | 3/11/1989 | \$ 0 | \$ 271,395 | \$ 0 | \$ 343,293 |
| Original amount | 2,045,000 | | | | |
| Interest rate | 1% | | | | |
| Term | 33 years | | | | |
| Monthly payments of principal and interest in the amount of \$6,249.33 | | | | | |
| FMHA / USDA Rural Department for Mahal Plaza II | | | | | |
| Loan begin date | 6/2/1995 | \$ 0 | \$ 1,203,622 | \$ 0 | \$1,309,273 |
| Original amount | 3,500,000 | | | | |
| Interest rate | 1% | | | | |
| Term | 33 years | | | | |
| Monthly payments of principal and interest in the amount of \$10,696.91 | | | | | |
| USDA Rural Department for Joe Benatar Community Center | | | | | |
| Loan begin date | 5/01/2005 | \$ 0 | \$ 369,113 | \$ 0 | \$ 387,841 |
| Original amount | 600,000 | | | | |
| Interest rate | 1% | | | | |
| Term | 32 years | | | | |
| Monthly payments of principal and interest in the amount of \$1,864 | | | | | |
| Total | | \$ 0 | \$ 1,844,130 | \$ 0 | \$2,040,397 |

Principal payments on notes payable for the next five years are subject to changes in net cash flow and are estimated as follows:

| | Mahal Plaza I | Mahal Plaza II | Joe Benatar Community Center | |
|-------------------|---------------|----------------|------------------------------|-------------|
| Jul 2018-Jun 2019 | \$ 72,610 | \$ 116,861 | \$ 18,914 | \$ 208,385 |
| Jul 2019-Jun 2020 | \$ 73,340 | \$ 118,035 | \$ 19,103 | \$ 210,478 |
| Jul 2020-Jun 2021 | \$ 74,076 | \$ 119,221 | \$ 19,294 | \$ 212,591 |
| Jul 2021-Jun 2022 | \$ 51,369 | \$ 120,419 | \$ 19,487 | \$ 191,275 |
| Jul 2022-Jun 2023 | \$ 0 | \$ 121,629 | \$ 19,682 | \$ 141,311 |
| Thereafter | \$ 0 | \$ 607,457 | \$ 272,633 | \$ 880,090 |
| | \$ 271,395 | \$1,203,622 | \$ 369,113 | \$1,844,130 |

NOTE 5 – COMMITMENTS AND CONTINGENCIES

State and Federal Allowances, Award, and Grants

CHDC received state and federal funds for specific purposes that are subject to review and audit by grantor agencies. Although such audits could generate expenditure disallowances under terms of the grants, CHDC does not expect that disallowed expenditures, if any, to materially affect the financial statements.

NOTE 6 – DISTRIBUTION OF OPERATING CASH FLOW/SURPLUS CASH

Operating Cash Flow/Surplus Cash, as defined by the Regulatory Agreements, is distributed as follows: (note: restricted accounts have been fully funded for the current year as required):

For Mahal Plaza, according to the loan agreements held with USDA, any surplus cash over and above an allowable operating reserve is to be transferred into the replacement reserve bank accounts. For the fiscal year 2017-2018 the amount to be transferred is \$0.

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 30, 2019, the date on which the financial statements were available to be issued.

**SUPPLEMENTARY CONTRACT INFORMATION FOR
CALIFORNIA STATE DEPARTMENT OF
COMMUNITY SERVICES AND DEVELOPMENT**

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT# 17F-2201
FOR THE PERIOD JANUARY 1, 2017 - DECEMBER 31, 2017

| | <i>JANUARY 1, 2017 through JUNE 30, 2017</i> | <i>JULY 1, 2017 through December 31, 2017</i> | <i>Total Audited Costs</i> | <i>Total Reported Costs</i> | <i>Total Budget</i> |
|--------------------------------|--|---|------------------------------------|-------------------------------------|-------------------------|
| REVENUE | | | | | |
| Grant Revenue | \$ 878,653 | \$ 580,894 | \$ 1,459,547 | \$ 1,459,547 | \$ 1,459,547 |
| Program 31 | | | | | |
| <i>Total Revenue</i> | <i>\$ 878,653</i> | <i>\$ 580,894</i> | <i>\$ 1,459,547</i> | <i>\$ 1,459,547</i> | <i>\$ 1,459,547</i> |
| EXPENDITURES | | | | | |
| Administration | | | | | |
| Salaries & Wages | 94,562 | 68,152 | 162,714 | 162,714 | 162,714 |
| Fringe Benefits | 17,528 | 14,450 | 31,978 | 31,978 | 31,978 |
| Operating Expenses & Equipment | 137,831 | 48,660 | 186,491 | 186,491 | 186,491 |
| Out of State Travel | 1,850 | 2,455 | 4,305 | 4,305 | 4,305 |
| Contract/Consultant serv | 3,964 | 1,607 | 5,571 | 5,571 | 5,571 |
| Other Costs | 123,965 | 90,335 | 214,300 | 214,300 | 214,300 |
| Total Admin costs | 379,700 | 225,659 | 605,359 | 605,359 | 605,359 |
| Program | | | | | |
| Salaries & Wages | 215,267 | 199,135 | 414,402 | 414,402 | 414,402 |
| Fringe Benefits | 38,699 | 32,093 | 70,792 | 70,792 | 70,792 |
| Operating Expenses & Equipment | 211,045 | 105,815 | 316,860 | 316,860 | 316,860 |
| Out of State Travel | - | - | - | - | - |
| Subcontractor Services | - | - | - | - | - |
| Other Costs | 33,942 | 18,192 | 52,134 | 52,134 | 52,134 |
| Total Program costs | 498,953 | 355,235 | 854,188 | 854,188 | 854,188 |
| Total Costs | \$ 878,653 | \$ 580,894 | \$ 1,459,547 | \$ 1,459,547 | \$ 1,459,547 |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT# 17F-2201 DISC/DISASTER RELIEF
FOR THE PERIOD JULY 1, 2017 - JUNE 30, 2018

| | <i>JULY 1, 2017 through June 30, 2018</i> | <i>Total Audited Costs</i> | <i>Total Reported Costs</i> | <i>Total Budget</i> |
|--------------------------------|---|------------------------------------|-------------------------------------|-------------------------|
| <i>REVENUE</i> | | | | |
| Grant Revenue | \$ 215,000 | \$ 215,000 | \$ 215,000 | \$ 215,000 |
| Program 31-18 | | | | |
| <i>Total Revenue</i> | <u>\$ 215,000</u> | <u>\$ 215,000</u> | <u>\$ 215,000</u> | <u>\$ 215,000</u> |
| <i>EXPENDITURES</i> | | | | |
| Administration | | | | |
| Salaries & Wages | - | - | - | |
| Fringe Benefits | - | - | - | |
| Operating Expenses & Equipment | - | - | - | |
| Out of State Travel | - | - | - | |
| Contract/Consultant serv | - | - | - | |
| Other Costs | 19,677 | 19,677 | 19,677 | 19,677 |
| Total Admin costs | <u>19,677</u> | <u>19,677</u> | <u>19,677</u> | <u>19,677</u> |
| Program | | | | |
| Salaries & Wages | 74,750 | 74,750 | 74,750 | 74,750 |
| Fringe Benefits | 8,222 | 8,222 | 8,222 | 8,222 |
| Operating Expenses & Equipment | 62,351 | 62,351 | 62,351 | 62,351 |
| Out of State Travel | - | - | - | - |
| Subcontractor Services | - | - | - | - |
| Other Costs | 50,000 | 50,000 | 50,000 | 50,000 |
| Total Program costs | <u>195,323</u> | <u>195,323</u> | <u>195,323</u> | <u>195,323</u> |
| Total Costs | <u>\$ 215,000</u> | <u>\$ 215,000</u> | <u>\$ 215,000</u> | <u>\$ 215,000</u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT# 18F-5201
FOR THE PERIOD JANUARY 1, 2018 - DECEMBER 31, 2018

| | <i>JANUARY 1, 2018 through JUNE 30, 2018</i> | <i>Total Audited Costs</i> | <i>Total Reported Costs</i> | <i>Total Budget</i> |
|--------------------------------|--|------------------------------------|-------------------------------------|-------------------------|
| REVENUE | | | | |
| Grant Revenue | \$ 685,837 | \$ 685,837 | \$ 685,837 | \$ 1,483,495 |
| Program 53 | | | | |
| <i>Total Revenue</i> | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 1,483,495</u> |
| EXPENDITURES | | | | |
| Administration | | | | |
| Salaries & Wages | 61,381 | 61,381 | 61,381 | 123,059 |
| Fringe Benefits | 16,001 | 16,001 | 16,001 | 20,920 |
| Operating Expenses & Equipment | 64,680 | 64,680 | 64,680 | 221,561 |
| Out of State Travel | 8,433 | 8,433 | 8,433 | 10,000 |
| Subcontractor Services | 1,102 | 1,102 | 1,102 | 5,000 |
| Other Costs | 93,261 | 93,261 | 93,261 | 219,137 |
| Total Admin costs | <u>244,857</u> | <u>244,857</u> | <u>244,857</u> | <u>599,677</u> |
| Program | | | | |
| Salaries & Wages | 223,525 | 223,525 | 223,525 | 498,846 |
| Fringe Benefits | 59,597 | 59,597 | 59,597 | 70,587 |
| Operating Expenses & Equipment | 122,473 | 122,473 | 122,473 | 248,263 |
| Out of State Travel | 1,719 | 1,719 | 1,719 | 14,000 |
| Subcontractor Services | - | - | - | - |
| Other Costs | 33,666 | 33,666 | 33,666 | 52,122 |
| Total Program costs | <u>440,980</u> | <u>440,980</u> | <u>440,980</u> | <u>883,818</u> |
| Total Costs | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 1,483,495</u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT# 18F-5201
FOR THE PERIOD JANUARY 1, 2018 - DECEMBER 31, 2018

| | <i>JANUARY 1, 2018 through JUNE 30, 2018</i> | <i>Total Audited Costs</i> | <i>Total Reported Costs</i> | <i>Total Budget</i> |
|--------------------------------|--|------------------------------------|-------------------------------------|-------------------------|
| REVENUE | | | | |
| Grant Revenue | \$ 685,837 | \$ 685,837 | \$ 685,837 | \$ 1,483,495 |
| Program 53 | | | | |
| <i>Total Revenue</i> | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 1,483,495</u> |
| EXPENDITURES | | | | |
| Administration | | | | |
| Salaries & Wages | 61,381 | 61,381 | 61,381 | 123,059 |
| Fringe Benefits | 16,001 | 16,001 | 16,001 | 20,920 |
| Operating Expenses & Equipment | 64,680 | 64,680 | 64,680 | 221,561 |
| Out of State Travel | 8,433 | 8,433 | 8,433 | 10,000 |
| Subcontractor Services | 1,102 | 1,102 | 1,102 | 5,000 |
| Other Costs | 93,261 | 93,261 | 93,261 | 219,137 |
| Total Admin costs | <u>244,857</u> | <u>244,857</u> | <u>244,857</u> | <u>599,677</u> |
| Program | | | | |
| Salaries & Wages | 223,525 | 223,525 | 223,525 | 498,846 |
| Fringe Benefits | 59,597 | 59,597 | 59,597 | 70,587 |
| Operating Expenses & Equipment | 122,473 | 122,473 | 122,473 | 248,263 |
| Out of State Travel | 1,719 | 1,719 | 1,719 | 14,000 |
| Subcontractor Services | - | - | - | - |
| Other Costs | 33,666 | 33,666 | 33,666 | 52,122 |
| Total Program costs | <u>440,980</u> | <u>440,980</u> | <u>440,980</u> | <u>883,818</u> |
| Total Costs | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 685,837</u> | <u>\$ 1,483,495</u> |

**CALIFORNIA HUMAN DEVELOPMENT
CLEARINGHOUSE CDFI REQUIRED
SURPLUS CASH CALCULATION
FOR THE YEAR ENDED JUNE 30, 2018**

Athena House at Stonehouse

| | |
|------------------------|-------------------------|
| Operating Income | \$ 138,662 |
| Operating Expenses | <u>99,079</u> |
| Adjusted Net Income | 39,583 |
| Other Activity | |
| Deposits into reserves | - |
| Debt service | <u>13,094</u> |
| | <u>13,094</u> |
| Surplus | <u><u>\$ 26,489</u></u> |

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
UNIFORM GUIDANCE REPORTS
FOR THE YEAR ENDED JUNE 30, 2018

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

388 Market Street, Suite 888
San Francisco, California 94111

Tel (415) 896-5551
Fax (415) 896-0584

**INDEPENDENT AUDITOR'S REPORT ON SCHEDULE OF EXPENDITURES
OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE**

Board of Directors
California Human Development Corporation
Santa Rosa, California

We have audited the consolidated financial statements of California Human Development Corporation as of and for the year ended June 30, 2018, and have issued our report thereon dated January 30, 2019, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and their records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the consolidated financial statements as a whole.



San Francisco, California
January 30, 2019

**CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2018**

| Federal Grantor/Pass-through Grantor Agency/Program | Agency/ Pass-through Number | Federal CFDA Number | Grant Period | Total Expenditures |
|--|--|--|-------------------------|-------------------------------|
| U.S. Department of Health and Human Services | | | | |
| <i>Passed through State of California</i> | | | | |
| Community Services Block Grant - Discretionary | 17F-2201 | 93.569 | 01/01/2017 - 12/31/2017 | \$ 795,894 |
| Community Services Block Grant - Discretionary | 18F-2201 | 93.569 | 01/01/2018 - 12/31/2018 | 685,837 |
| | | Sub-total for 93.569 | | 1,481,731 |
| <i>Passed through Department of Alcohol and Drug Services</i> | | | | |
| Sonoma County Health Services - TASC Residential | DHS-AODS | 93.959 | 07/01/2017 - 06/30/2018 | 342,674 |
| Total U.S. Department of Health and Human Services | | | | 1,824,405 |
| U.S. Department of Agriculture | | | | |
| <i>Passed through Farmers Home Administration:</i> | | | | |
| Mahal Plaza - Farm Labor Housing Subsidy | 04-051-792077137 | 10.427 | 07/01/2014 - 06/30/2018 | 377,920 |
| <i>Prior year loans for which continuing compliance is required:</i> | | | | |
| <i>Passed through Farmers Home Administration:</i> | | | | |
| Mahal Plaza (Phase I) - Farm Labor Housing Loan | 04-051-792077137 | 10.405 | | 271,395 |
| Mahal Plaza (Phase II) - Farm Labor Housing Loan | 04-051-792077137 | 10.405 | | 1,215,018 |
| Mahal Plaza (Phase III) - Farm Labor Housing Loan | 04-051-792077137 | 10.405 | | 367,084 |
| | | Sub-total for 10.405 | | 1,853,497 |
| Total U.S. Department of Agriculture | | | | 2,231,417 |
| U.S. Department of Labor | | | | |
| <i>Direct:</i> | | | | |
| WIA Title I 167 - National Farmworker Job Program | AC-29455-16-60-A-6 | 17.264 | 07/01/2017 - 06/30/2018 | 3,601,465 |
| <i>Passed through La Cooperativa</i> | | | | |
| 167 MSFW HOUSING ASSISTANCE PROGRAM | 167 THSNG-07-16-CHD | 17.264 | 07/01/2016 - 09/30/2018 | 131,722 |
| | | Sub-total for 17.264 | | 3,733,187 |
| <i>Passed through State of California, Department of Employment</i> | | | | |
| 2015 NDW Fire Temporary Jobs Program | NDWFire-01-16-CHD | 17.277 | 01/01/2016-12/31/2017 | 117,885 |
| NDW Drought Temporary Jobs Program | NDWG Wildfires-01-17-CHD | 17.277 | 10/18/2017 - 12/31/2018 | 148,646 |
| NDW Drought Temporary Jobs Program | NDW Flood Temporary Jobs Program | 17.277 | 04/01/2017 - 09/30/2018 | 196,965 |
| NDW Drought Temporary Jobs Program | 167THSWNG-07-16-CHD Mod.2 | 17.277 | 07/01/2016 -09/30/2018 | 104,492 |
| | | Sub-total for 17.277 | | 567,988 |
| <i>Passed through State of California, Department of Employment</i> | | | | |
| WIA Title I Dislocated Workers - Agriculture Industry | WIA-DS-01-01-16-CHD | 17.278 | 01/01/2016 -03/31/2019 | 526,829 |
| <i>San Joaquin County, Department of Employment</i> | | | | |
| WIA Title I - Youth Program | 2013 - 002 | 17.259 | 07/01/2017 - 06/30/2018 | 219,330 |
| | | Sub-total for WIA Cluster 17.258, 17.259, 17.278 | | 746,159 |
| Total U.S. Department of Labor | | | | 5,047,334 |
| Total Expenditures of Federal Awards | | | | \$ 9,103,156 |

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

Board of Directors
California Human Development Corporation
Santa Rosa, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of California Human Development Corporation, which comprise the statement of financial position as of June 30, 2018, and the related statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 30, 2019.

Internal Control Over Financial Reporting

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

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

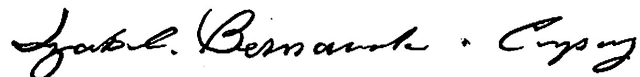
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink, reading "Gabriel Bernabeu Cury". The signature is written in a cursive, flowing style.

San Francisco, California
January 30, 2019

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

Board of Directors
California Human Development Corporation
Santa Rosa, California

Report on Compliance for Each Major Federal Program

We have audited California Human Development Corporation's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of California Human Development Corporation's major federal programs for the year ended June 30, 2018. California Human Development Corporation's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of California Human Development Corporation's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and *the Uniform Guidance* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types compliance requirements referred to above that could have a direct and material effect on the major federal programs occurred.

An audit includes examining, on a test basis, evidence about California Human Development Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance with each major program. However, our audit does not provide a legal determination of California Human Development Corporation's compliance.

Opinion on Each Major Federal Program

In our opinion, California Human Development Corporation complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs identified above for the year ended June 30, 2018.

Report on Internal Control Over Compliance

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be *material weaknesses* or *significant deficiencies*. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above. However, material weaknesses may exist that have not been identified.

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



San Francisco, California
January 30, 2019

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018

| | |
|---|--|
| A. SUMMARY OF AUDITOR'S RESULTS | |
| <i>Financial Statements</i> | |
| 1. Type of Auditor's Report Issued | UNMODIFIED |
| 2. Internal Control Over Financial Reporting: Material Weakness(es) Identified Significant Deficiency(ies) Identified | NONE NONE REPORTED |
| 3. Noncompliance Material to Financial Statements | NONE |
| <i>Federal Awards</i> | |
| 1. Internal Control Over Major Programs: Material Weakness(es) Identified Significant Deficiency(ies) Identified | NONE NONE REPORTED |
| 2. Type of Auditor's Report Issued on Compliance for Major Programs | UNMODIFIED |
| 3. Uniform Guidance Audit Finding Required to be Disclosed by Audit In accordance with 2 CFR 200.516(a) | NONE REPORTED |
| 4. Major Programs: | 17.264 - WIA Title 167 National Farmworker Job Program WIA Cluster: 17.278 – Dislocated Workers 17.259 – Youth Program 17.258 – WIA Adult |
| 5. Dollar Threshold for Type A Programs | \$750,000 |
| 6. Auditee Qualification | HIGH RISK |
| B. Findings Relating to the Financial Statements which are Required to be Reported in Accordance with GAGAS | NONE REPORTED |
| C. Findings and Questioned Costs for Federal Awards Including Audit Findings Defined in the Uniform Guidance | NONE REPORTED |

**CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2018**

Federal Awards

Finding 2017-001 – Untimely Audit Submissions in Accordance with OMB Uniform Guidance

Material Weakness – All Major Programs

Condition

California Human Development Corporation (CHD) did not electronically submit their June 30, 2017 Single Audit reporting package (Single Audit Report, Data Collection Form, Status of Prior Year Findings, and a Corrective Action Plan) within the required time period.

Recommendations

CHD should work with R House subsidiary's auditors to improve its financial reporting process so that it can submit its Single Audit Reporting Package to the federal clearing house no later than 9 months after the fiscal year-end.

Status

Implemented.

No similar finding was noted in the 2018 audit.