CALIFORNIA HUMAN DEVELOPMENT CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS, SUPPLEMENTARY INFORMATION AND UNIFORM GUIDANCE REPORTS

FOR THE YEAR ENDED JUNE 30, 2016

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, 2016

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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, 2016, 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 did not audit the financial statements of R House, Inc. which statements reflect total assets of $1,783,771 as of June 30, 2016, and total support and revenues of $2,943,632 for the year then ended. Those statements were audited by another auditor whose report have been furnished to us, and our opinion, insofar as it relates to the amounts included for R House, Inc. is based solely on the report of the other auditor. 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, 2016, 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 20, 2017 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 20, 2017

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2016

Assets:		
Current Assets:		
Cash	$	452,287
Beneficial Interest in Assets held by Community Foundation		16,667
Investment - Opportunity Fund		39,894
Other receivable		11,762
Grants receivable		1,994,482
Prepaid expenses		225,826
Total Current assets		2,740,918
Non-current Assets:		
Note Receivable - Ortiz Plaza LP		340,000
Other Non Current Assets		4,387
Restricted deposit:		
Tenant security deposits		79,894
Replacement reserves		438,777
Operating reserves		22,478
Total Non-current assets		885,536
Fixed Assets:		
Construction in progress		351,528
Fixed assets (net of accumulated depreciation)		6,476,926
Total Fixed assets		6,828,454
Total Assets	$	10,454,908
Liabilities and Net Assets:		
Liabilities:		
Current Liabilities:		
Accounts payable	$	804,806
Accrued salaries and benefits		652,484
Deferred revenues		493,087
Lines of Credit		99,161
Other current liabilities		43,829
Ortiz Note Payable		160,000
Current portion of long term obligations		258,929
Total current liabilities		2,512,296
Long-term Liabilities:		
Tenant security deposit liability		79,219
Interest payable		386,166
Long term obligations		5,227,637
Total long-term liabilities		5,693,022
Total liability		8,205,318
Net Assets:		
Unrestricted		2,232,923
Temporarily restricted		-
Permanently restricted		16,667
Total net assets		2,249,590
Total Liabilities and Net Assets	$	10,454,908

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, 2016

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Revenues:				
Grant and program income	$ 18,640,492	$ -	$ -	$ 18,640,492
Contribution	415,258		-	415,258
Other	110,832	-	(473)	110,359
Net assets released from restrictions	-	-	-	-
Total Support and Revenue	19,166,582	-	(473)	19,166,109
Expenses:				
Program services				
Community resource services	3,134,096		-	3,134,096
Energy conservation services	914,035	-	-	914,035
Employment training services	5,842,610	-	-	5,842,610
Development disabled services	1,426,326	-	-	1,426,326
Housing services	3,674,579	-	-	3,674,579
R House	2,677,583	-	-	2,677,583
Total Program Services	17,669,229	-	-	17,669,229
Supporting services:				
Management and general	1,843,464	-	-	1,843,464
Fundraising	49,685	-	-	49,685
Total Supporting Services	1,893,149	-	-	1,893,149
Total Expenses	19,562,378	-	-	19,562,378
Change in net assets	(395,796)	-	(473)	(396,269)
Net assets, beginning of year	2,644,707	-	17,140	2,661,847
Fixed Assets purchased with Restricted Funds	-	-	-	-
Dep. Exp. on F/A purchased with Grant Funds	(15,988)	-	-	(15,988)
Net Assets, end of year	$ 2,232,923	$ -	$ 16,667	$ 2,249,590

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2016

CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$	(396,269)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation		467,069
Decrease (increase) in:		
Beneficial Interest in Assets hold by Community Foundation		473
Opportunity Fund		(18,126)
Other receivable		3,232
Grants receivable		(243,700)
Prepaid expenses		88,480
Note receivable - Ortiz Plaza LP		(90,000)
Other non-current Assets		2,308
Tenant security deposits		(995)
Replacement reserves		(78,557)
Operating reserves		(1,496)
Increase (decrease) in:		
Accounts payable		113,082
Accrued salaries and benefits		(152,575)
Deferred revenues		(25,638)
Other current liabilities		(125,072)
Tenant security deposit liability		551
Interest payable		22,134
Net cash provided by operating activities		(435,099)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property and equipment		(31,925)
Net cash provided by investing activities		(31,925)
CASH FLOWS FROM FINANCING ACTIVITIES		
Reduction of long-term debt		(256,743)
Long-term borrowings		160,000
Net cash used in financing activities		(96,743)
NET INCREASE (DECREASE) IN CASH		(563,767)
Cash at beginning of year		1,016,054
Cash at end of year	$	452,287

SUPPLEMENTARY INFORMATION

Interest Paid	$	64,628

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

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
FISCAL YEAR ENDED JUNE 30, 2016

	Program Services						Supporting Services		
	Community Services	Energy Services	Employment Training Services	Developmentally Disabled Services	Housing Services	R House Subsidiary	Management and General	Fundraising	Total
Salaries and wages	$ 1,527,300	$ 437,574	$ 2,315,055	$ 690,986	$ 1,302,846	$ 1,604,760	$ 641,521	$ 11,864	$ 8,531,906
Employee benefits	225,400	103,035	361,262	146,189	327,165	78,122	94,703	261	1,336,137
Payroll taxes	128,599	39,694	213,756	62,260	111,134	256,101	49,664	969	862,177
Occupancy	342,605	57,886	435,580	238,503	396,905	148,618	111,484	12,021	1,743,602
Telephone	40,183	9,120	111,235	8,159	22,235	108,341	17,212	1,572	318,057
Postage and shipping	4,133	4,581	18,741	171	7,121	852	11,421	-	47,020
Printing and duplication	32,518	5,646	46,746	5,941	4,832	213	17,787	189	113,872
Supplies and materials	171,536	174,100	97,311	27,440	126,892	19,726	378,436	6,439	1,001,880
Rental/Maintenance equipment	15,826	17,285	174,181	11,280	196,080	34,732	7,707	-	457,091
Travel	134,792	15,949	150,503	17,336	96,985	18,328	48,948	2,860	485,701
Insurance	43,853	14,883	136,490	23,912	83,934	56,878	22,432	87	382,469
Advertising	750	1,317	634	450	2,600	-	2,255	-	8,006
Professional services	292,291	32,369	113,617	42,614	517,782	91,337	364,973	13,370	1,468,353
Assistance to individuals	60,874	-	1,666,648	137,411	-	147,602	9,083	-	2,021,618
Taxes and fees	12,702	420	414	13,674	55,601	(7,491)	59,135	53	134,508
Miscellaneous expenses	67,537	176	437	-	9,613	33,818	6,703	-	118,284
Interest expense	-	-	-	-	40,780	23,848	-	-	64,628
Depreciation	33,197	-	-	-	372,074	61,798	-	-	467,069
Total	$ 3,134,096	$ 914,035	$ 5,842,610	$ 1,426,326	$ 3,674,579	$ 2,677,583	$ 1,843,464	$ 49,685	$ 19,562,378

The accompanying notes are an integral part of the financial statements

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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.

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.

The 2016 accompanying financial statements have been restated to consolidate R House, Inc. beginning July 1, 2015.

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, 2016 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, 2016.

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, 2016, are as follows:

	Replacement Reserves			Operating
	Mahal	Aytch	Total	Reserve
June 30, 2015 Balance	$ 356,696	$ 3,524	$ 360,220	$ 20,982
Deposits	84,029	5,496	89,525	1,477
Interest earned	359	4	363	19
Withdrawals	(10,972)	-	(10,972)	-
June 30, 2016 Balance	$ 429,753	$ 9,024	$ 439,136	$ 22,478

NOTE 5 – NOTES RECEIVABLE / NOTES PAYABLE

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 $180,000 in contributions from various donor advised funds and individuals which was loaned to Ortiz Plaza LP for construction of the project. CHD committed to raise an additional $160,000 which is also to be loaned to the Ortiz Plaza LP for additional construction costs.

NOTE 6 – PROPERTY, EQUIPMENT, AND CONSTRUCTION IN PROGRESS

At June 30, 2016, Property and Equipment is summarized as follows:

Land	$ 1,684,831
Building and improvement	12,380,385
Leasehold improvement	70,321
Furniture and equipment	369,965
Vehicles	661,676
Subtotal	15,167,178
Less: accumulated depreciation	(8,690,252)
Property and equipment, net	6,476,926
Construction in Progress	351,528
Total	$ 6,828,454

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.

NOTE 7 – DEFERRED / UNEARNED GRANTS

At June 30, 2016, deferred revenue is summarized as follows:

Community resource services	$ 236,140
Employment training services	69,745
Housing	135,268
R House, Inc.	51,934
Total	$ 493,087

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

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 $4,527.	$ 414,456
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 $14,954.	1,445,265
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 $4,247.	404,353
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 $58,231.	744,175
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 $3,607.	89,024
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
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, 2016, monthly principal and interest payment obligations under the mortgages payable amounted to $9,706.	1,693,856
Total	5,486,567
Less: Current portion due within one year	258,929
Long-term secured debt	$ 5,227,638

NOTE 8 - LONG-TERM OBLIGATIONS – Continued

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

Year Ending June 30,	
2017	$ 258,929
2018	263,854
2019	268,983
2020	274,309
2021	279,841
Thereafter	4,300,650
Total	$ 5,646,567

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 was $99,161 on June 30, 2016.

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:

Year Ending June 30,	Lease Payments
2017	$ 853,597
2018	437,530
2019	465,481
2020	453,602
2021	411,687
Thereafter	2,359,300
Total	$ 4,981,197

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, 2016, the George L. Ortiz Foundation had an ending balance of $16,667.

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, 2016 the amount contributed by CHD was $35,231.

R House, Inc. maintains a Simple IRA deferred compensation retirement plan for its employees. R House, Inc. contributed a matching contribution of the first 3% of eligible compensation into the plan. During the fiscal year ended June 30, 2016, the amount contributed was $3,243.

R House, Inc. also contributes to the California State Teacher's Retirement System (CalSTRS), a cost-sharing multiple employer public employee retirement system defined benefit pension plan for its Abraxis Charter School teachers. During the fiscal year ended June 30, 2016, the amount contributed was $12,432.

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 $6,875 per month. For the fiscal year ended June 30, 2016, CHD received management fee of $82,500. CHD is also authorized to charge an Administrative Services fee of $1,166.67 per month. For the fiscal year ended June 30, 2016, CHD received an administrative for of $10,500.

CHD 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. They share two board members.

CHD acquired a separate 501c3 subsidiary known as R House, Inc. R House, Inc. is a foster youth, Level 12 group home that provides behavior modification, activities, housing and around the clock supervision for up to 30 residents. CHD assumed liability for the refinancing of R House, Inc.'s real estate loans as a guarantor. For the fiscal year ended June 30, 2016, it was concluded that CHD has a financial interest in R House, Inc. and has control over the R House, Inc. Board appointees, and, as a result, R House, Inc. is now considered a subsidiary of CHD. These consolidated financial statements reflect the results of both R House, Inc. and CHD's financial results.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2016

NOTE 14 - ASSUMPTION OF R HOUSE, INC. AND 2015 CONSOLIDATION

R House, Inc. is now consolidated into CHD's financial statements. As a result assuming R House, Inc.'s mortgage loans and being in control of the Board appointees, CHD's consolidated statement of financial position was restated as follows.

	CHDC, as previously presented June 30, 2015	R House, Inc.	CHDC, as restated, June 30, 2015
Assets:			
Current Assets:			
Cash	$ 596,565	$ 419,489	$ 1,016,054
Beneficial Interest in Assets held by Community Foundation	17,140	-	17,140
Investment - Opportunity Fund	21,768	-	21,768
Other receivable	14,994	-	14,994
Grants receivable	1,388,283	362,499	1,750,782
Prepaid expenses	309,796	4,510	314,306
Total Current assets	2,348,546	786,498	3,135,044
Non-current Assets:			
Note Receivable - Ortiz Plaza LP	250,000	-	250,000
Other Non Current Assets	-	6,695	6,695
Restricted deposit:			
Tenant security deposits	78,899	-	78,899
Replacement reserves	360,220	-	360,220
Operating reserves	20,982	-	20,982
Total Non-current assets	710,101	6,695	716,796
Fixed Assets:			
Construction in progress	351,528	-	351,528
Fixed assets (net of accumulated depreciation)	5,624,540	1,303,519	6,928,059
Total Fixed assets	5,976,068	1,303,519	7,279,587
Total Assets	$ 9,034,715	$ 2,096,712	$ 11,131,427
Liabilities and Net Assets:			
Liabilities:			
Current Liabilities:			
Accounts payable	$ 542,594	$ 149,130	$ 691,724
Accrued salaries and benefits	688,826	116,233	805,059
Deferred revenues	487,069	31,656	518,725
Lines of Credit	-	224,423	224,423
Other current liabilities	-	168,901	168,901
Current portion of long term obligations	215,032	55,765	270,797
Total current liabilities	1,933,521	746,108	2,679,629
Long-term Liabilities:			
Tenant security deposit liability	78,668	-	78,668
Interest payable	364,032	-	364,032
Long term obligations	3,792,614	1,554,637	5,347,251
Total long-term liabilities	4,235,314	1,554,637	5,789,951
Total liability	6,168,835	2,300,745	8,469,580
Net Assets:			
Unrestricted	2,848,740	(204,033)	2,644,707
Temporarily restricted	-	-	-
Permanently restricted	17,140	-	17,140
Total net assets	2,865,880	(204,033)	2,661,847
Total Liabilities and Net Assets	$ 9,034,715	$ 2,096,712	$ 11,131,427

NOTE 15 – 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 16 – ADVERTISING COSTS

The production costs of advertising are expensed as incurred. During the year ended June 30, 2016, advertising expense totaled $8,006.

NOTE 17 – SUBSEQUENT EVENTS

The Organization's management has evaluated its subsequent events through January 20, 2017, the date the financial statements were available to be issued.

Subsequent to June 30, 2016, CHD is continuing to work towards the successful, completion of the construction of Ortiz Plaza LP a 30 unit affordable farmworker family housing project which is located in Sonoma County. A CHD subsidiary Ortiz Plaza LLC is a partner of Ortiz Plaza LP, along with Phoenix Development Corporation and Integrity Housing to develop this project.

CHD is in the process of working towards the purchase of land that is adjacent to the Ortiz Plaza LP site. CHD would create another limited partnership to complete this project. This separate entity would construct approximately 20 to 24 units of affordable farmworker family housing located in Sonoma County.

R House, Inc. is applying to become a Short Term Residential Therapeutic Program (STRTP) under the Continuum of Care.

The Bureau for Private and Postsecondary Education has denied CHD's application for renewal of approval to operate and offer educational programs for Non-Accredited institutions because CHD has not been able to maintain a ratio of current assets to current liabilities of 1.25 to 1.00 or greater at the end of the June 30, 2015 fiscal year when using generally accepted accounting principles. The current ratio for June 30, 2015 was 1.22 to 1.00. CHD did not meet this same ratio requirement at the end of the June 30, 2016 fiscal year either.

CHD is appealing the Denial of Approval in hopes that we can have an exception since we are a non-profit entity and not a normal educational institution. If the agency is denied its appeal, it will not be able to accept external referrals, which make up approximately $150,000 in revenue. Tuition for all students is covered by a federal job training grant or the referring organization. Students do not pay tuition.

CALIFORNIA HUMAN DEVELOPMENT CORPORATION

SUPPLEMENTARY INFORMATION

FOR THE YEAR ENDED JUNE 30, 2016

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF REVENUE AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2016

	General (from page 17)	Indirect (from page 17)	Programs (from page 18)	Housing (from page 23)	Subtotal	R House, Inc	Consolidations Eliminations	Total
Revenue:								
Grant	$ 13,672	$ -	$ 9,295,550	$ 1,203,774	$ 10,512,996	$ 13,702	$ -	$ 10,526,698
Contributions	347,200	-	32,739	34,493	414,432	826	-	415,258
Program Fees For Services	-	-	3,194,792	2,507,631	5,702,423	2,926,483	(515,112)	8,113,794
CSBG Subsidy Revenue	-	-	5,000	52,752	57,752	-	(57,752)	-
Special Events	-	-	-	-	-	-	-	-
Royalties	82,850	-	-	-	82,850	-	-	82,850
Gain/Loss on Sale of Assets	(1,346)	-	75	-	(1,271)	94	-	(1,177)
Indirect Revenue	-	1,376,843	-	-	1,376,843	-	(1,376,843)	-
Indirect Exclusions	-	57,752	-	-	57,752	-	(57,752)	-
Miscellaneous Income	45	9	8,992	17,113	26,159	2,527	-	28,686
Total Revenue	442,421	1,434,604	12,537,148	3,815,763	18,229,936	2,943,632	(2,007,459)	19,166,109
Expenses:								
Salaries and wages	11,519	641,866	4,970,915	1,302,846	6,927,146	1,604,760	-	8,531,906
Employee benefits	5,156	89,808	835,886	327,165	1,258,015	78,122	-	1,336,137
Payroll taxes	943	49,690	444,309	111,134	606,076	256,101	-	862,177
Occupancy	13,137	110,368	1,213,234	396,905	1,733,644	148,618	(138,660)	1,743,602
Telephone	1,787	16,997	168,697	22,235	209,716	108,341	-	318,057
Postage and shipping	97	11,324	27,626	7,121	46,168	852	-	47,020
Printing and duplication	721	17,255	90,851	4,832	113,659	213	-	113,872
Supplies and materials	16,203	18,672	470,387	126,892	632,154	19,726	-	651,880
Rental/Maintenance equipment	-	7,707	218,572	196,080	422,359	34,732	-	457,091
Travel	4,047	47,761	318,580	96,985	467,373	18,328	-	485,701
Insurance	179	22,340	219,138	83,934	325,591	56,878	-	382,469
Advertising	-	2,255	3,151	2,600	8,006	-	-	8,006
Professional services	15,549	362,794	480,891	593,478	1,452,712	392,093	(376,452)	1,468,353
Assistance to individuals	9,083	-	1,864,933	-	1,874,016	147,602		2,021,618
Taxes and fees	23,630	35,558	27,210	55,601	141,999	(7,491)	-	134,508
Miscellaneous expenses	6,494	209	68,150	9,613	84,466	33,818	-	118,284
Depreciation	-	-	33,197	372,074	405,271	61,798	-	467,069
CSBG Subsidy	-	-	5,000	52,752	57,752	-	(57,752)	-
In-direct	7,119	-	1,240,079	129,645	1,376,843	-	(1,376,843)	-
Interest expense	-	-	-	40,780	40,780	23,848	-	64,628
Contribution to Ortiz Plaza LP	350,000	-	-	-	350,000	-	-	350,000
Transfer (To)/From Other Funds	-	-	57,752	-	57,752	-	(57,752)	-
Total Expenses	465,664	1,434,604	12,758,558	3,932,672	18,591,498	2,978,339	(2,007,459)	19,562,378
REVENUE OVER/(UNDER) EXPENSES	$ (23,243)	$ -	$ (221,410)	$ (116,909)	$ (361,562)	$ (34,707)	$ -	$ (396,269)

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, 2016

	DONATION USAGE	FUNDRAISING	GENERAL OPERATING	TOTAL GENERAL (To Page 16)	INDIRECT (To Page 16)
Revenue:					
Grant	$ -	$ 14,055	$ (383)	$ 13,672	$ -
Contributions	-	347,200	-	347,200	-
Program Fees For Services	-	-		-	-
Special Events	-	-	-	-	-
Royalties	-	-	82,850	82,850	-
Extraordinary Gain	-	-	(1,346)	(1,346)	-
Indirect Revenue	-	-	-	-	1,376,843
Indirect Exclusions	-	-	-	-	57,752
Miscellaneous Income	-	41	4	45	9
Total Revenue	-	361,296	81,125	442,421	1,434,604
Expenses:					
Salaries and wages	-	11,864	(345)	11,519	641,866
Employee benefits	-	261	4,895	5,156	89,808
Payroll taxes	-	969	(26)	943	49,690
Occupancy	-	12,021	1,116	13,137	110,368
Telephone	-	1,572	215	1,787	16,997
Postage and shipping	44	-	53	97	11,324
Printing and duplication	-	189	532	721	17,255
Supplies and materials	448	6,439	9,316	16,203	18,672
Rental/Maintenance equipment	-	-	-	-	7,707
Travel	-	2,860	1,187	4,047	47,761
Insurance	-	87	92	179	22,340
Advertising	-	-	-	-	2,255
Professional services	41	13,370	2,138	15,549	362,794
Assistance to individuals	6,345	-	2,738	9,083	-
Taxes and fees	136	53	23,441	23,630	35,558
Miscellaneous expenses	-	-	6,494	6,494	209
In-direct	425	5,784	910	7,119	-
Contribution to Ortiz Plaza LP	350,000	-	-	350,000	-
Transfer (To)/From Other Funds	-	-	-	-	-
Total Expenses	357,439	55,469	52,756	465,664	1,434,604
REVENUE OVER/(UNDER) EXPENSES	$ (357,439)	$ 305,827	$ 28,369	$ (23,243)	$ -

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, 2016

	STONE HOUSE BUILDING	BANYAN SLE	SONOMA COUNTY COMMISSION SERVICES	DUI COURT PROGRAM	TREATMENT	FEDERAL PROBATION	ATHENA HOUSE
Revenue:							
Grant	$ -	$ 15,008	$ 62,506	$ 60,004	$ 404,880	$ 89,625	$ 627,278
Contributions	-	-	15,179	-	-	-	558
Program Fees For Services	138,660	54,198	-	-	16,742	-	147,583
CSBG/Subsidy	-	-	-	-	-	-	-
Special Events	-	-	-	-	-	-	-
Extraordinary Gain	-	-	-	-	-	-	-
Indirect Revenue	-	-	-	-	-	-	-
Miscellaneous Income	-	-	298	-	120	-	-
Total Revenue	138,660	69,206	77,983	60,004	421,742	89,625	775,419
Expenses:							
Salaries and wages	-	696	31,698	43,917	200,460	44,855	288,547
Employee benefits	-	282	583	4,908	23,432	5,922	77,831
Payroll taxes	-	47	4,090	3,681	17,376	4,216	24,419
Occupancy	-	41,633	1,465	-	57,096	770	169,750
Telephone	-	4,906	-	-	7,535	1,464	8,104
Postage and shipping	-	-	1,513	-	41	79	73
Printing and duplication	-	16	71	-	4,984	-	5,432
Supplies and materials	-	3,570	20,232	342	12,904	4,818	53,368
Rental/Maintenance equipment	-	811	16	-	3,062	-	5,877
Travel	-	251	551	-	5,984	106	4,665
Insurance	105	1,913	366	-	7,790	734	16,963
Advertising	-	-	150	-	75	-	150
Professional services	(20)	4,296	4,917	-	18,093	8,719	18,335
Assistance to individuals	-	-	5,075	-	3,680	6,699	64
Taxes and fees	494	-	10	-	3,114	321	7,551
Miscellaneous expenses	66,924	-	-	-	195	6	675
Depreciation	33,197	-	-	-	-		-
CSBG/Subsidy	-	-	-	-	-		-
In-direct	-	7,910	7,246	7,156	49,034	9,750	92,307
Interest Expense	-	-	-	-	-		-
Indirect Exclusions	-	-	-	-	-		-
Total Expenses	100,700	66,331	77,983	60,004	414,855	88,459	774,111
REVENUE OVER/(UNDER) EXPENSES	$ 37,960	$ 2,875	$ -	$ -	$ 6,887	$ 1,166	$ 1,308

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, 2016

	SONOMA COUNTY CONSORTIUM	R HOUSE MANAGEMENT	ENERGY SERVICES	PROGRAM INCOME	WELLSFARGO PROGRAM	FISCAL AGENT	CSBG-29 FARM WORKERS CALIFORNIA
Revenue:							
Grant	$ 59,444	$ -	$ -	$ 5,122	$ 6,000	$ 21,597	$ 955,537
Contributions	-	-	-	1	-	14,084	-
Program Fees For Services	-	312,472	871,019	201,819	-	2,964	-
CSBG/Subsidy	-	-	-	-	-	-	-
Special Events	-	-		-	-	-	-
Extraordinary Gain	-	-	-	-	-	-	-
Indirect Revenue	-	-		-	-	-	-
Miscellaneous Income	-	-	4,924	-	-		-
Total Revenue	59,444	312,472	875,943	206,942	6,000	38,645	955,537
Expenses:							
Salaries and wages	6,104	131,026	437,574	99,806	3,465	-	364,618
Employee benefits	146	18,945	103,035	16,925	522	-	52,730
Payroll taxes	411	10,162	39,694	8,989	245	-	30,975
Occupancy	-	10,947	57,886	8,620	-	10,284	119,474
Telephone	-	1,910	9,120	7,939	-	-	9,458
Postage and shipping	-	88	4,581	1,204	-	32	1,335
Printing and duplication	-	153	5,646	567	377	344	10,428
Supplies and materials	-	13,227	174,100	2,206	-	5,629	48,690
Rental/Maintenance equipment	-	-	17,285	430	-	-	2,377
Travel	77	38	15,949	5,061	19	3,875	65,520
Insurance	-	909	14,883	9,749	577	-	8,518
Advertising	-	75	1,317	305	-	300	-
Professional services	35,425	87,706	32,369	9,394	79	6,910	86,161
Assistance to individuals	7,500	-	-	12,539	-	7,293	17,963
Taxes and fees	-	286	420	21	-	240	49
Miscellaneous expenses	-	(263)	176	4	-	-	-
Depreciation	-	-	-	-	-	-	-
CSBG/Subsidy	-	-	-	-	-	-	-
In-direct	9,781	37,263	123,170	23,183	716	3,738	108,365
Interest Expense	-	-	-	-	-	-	-
Indirect Exclusions	-	-	-	-	-	-	28,876
Total Expenses	59,444	312,472	1,037,205	206,942	6,000	38,645	955,537
REVENUE OVER/(UNDER) EXPENSES	$ -	$ -	$ (161,262)	$ -	$ -	$ -	$ -

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, 2016

	CSBG-32 FARM WORKERS CALIFORNIA	CSD-DAP	FWS-AB2060	DROUGHT	SETA	LA COOP TEMP JOBS DROUGHT	CITI BANK
Revenue:							
Grant	$ 628,707	$ 100,000	$ 102,409	$ 1,516,471	$ 86,308	$ 109,637	$ 10,000
Contributions	-	-	-	-	-	-	-
Program Fees For Services	-	-	-	-	-	-	-
CSBG/Subsidy	-	2,500	-	-	2,500	-	-
Special Events	-	-	-	-	-	-	-
Extraordinary Gain	-	-	-	-	-	-	-
Indirect Revenue	-	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-	-
Total Revenue	628,707	102,500	102,409	1,516,471	88,808	109,637	10,000
Expenses:							
Salaries and wages	323,605	28,086	43,210	165,018	49,950	68,095	3,465
Employee benefits	25,642	3,413	6,964	13,395	11,657	3,992	522
Payroll taxes	24,760	2,346	3,648	14,944	4,271	7,458	245
Occupancy	57,864	40,440	22,547	14,297	4,637	-	-
Telephone	5,073	-	2,800	-	1,262	-	-
Postage and shipping	488	-	7	1,162	107	-	-
Printing and duplication	7,498	-	-	246	23	-	4,395
Supplies and materials	6,451	-	2,362	3,564	312	537	-
Rental/Maintenance equipment	3,452	8,263	-	-	1,302	-	-
Travel	49,388	4,817	506	589	715	812	18
Insurance	4,887	736	287	5,119	548	639	16
Advertising	-	N	-	-	(278)	-	-
Professional services	16,084	3,400	6,670	9,137	1,252	569	80
Assistance to individuals	12,600	-	1,357	1,289,000	278	16,418	75
Taxes and fees	72	-	-	-	13	-	-
Miscellaneous expenses	-	-	-	-	-	-	-
Depreciation	-	-	-	-	-	-	-
CSBG/Subsidy	-	2,500	-	-	2,500	-	-
In-direct	62,073	8,499	12,051	-	10,259	11,117	1,184
Interest Expense	-	-	-	-	-	-	-
Indirect Exclusions	28,876	-	-	-	-	-	-
Total Expenses	628,813	102,500	102,409	1,516,471	88,808	109,637	10,000
REVENUE OVER/(UNDER) EXPENSES	$ (106)	$ -	$ -	$ -	$ -	$ -	$ -

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, 2016

	LAKE NEG	SAN JOAQUIN YOUTH E.D.D.	FWS-167 ADULT PROGRAM	WIA -MSFW DISLOCATED WORKERS	FWS DISLOCATED ENERGY	WIA -MSFW DISLOCATED WORKERS
Revenue:						
Grant	$ 185,703	$ 197,744	$ 3,421,858	$ 308,060	$ 34,575	$ 86,314
Contributions	-	-	-	-	-	-
Program Fees For Services	-	-	-	-	-	-
CSBG/Subsidy	-	-	-	-	-	-
Special Events	-	-	-	-	-	-
Extraordinary Gain	-	-	-	-	-	-
Indirect Revenue	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
Total Revenue	185,703	197,744	3,421,858	308,060	34,575	86,314
Expenses:						
Salaries and wages	104,525	117,025	1,405,449	182,479	18,881	25,601
Employee benefits	13,509	20,366	236,544	23,465	2,677	7,311
Payroll taxes	10,993	9,828	133,227	14,121	1,467	1,974
Occupancy	5,353	8,809	266,469	25,307	6,439	32,662
Telephone	1,882	366	96,986	-	-	-
Postage and shipping	403	16	15,750	74	-	18
Printing and duplication	326	2,545	38,267	-	-	-
Supplies and materials	4,868	2,649	73,719	2,925	-	4,169
Rental/Maintenance equipment	113	277	158,003	5,793	-	-
Travel	5,576	8,009	116,641	7,373	-	367
Insurance	2,221	1,264	112,456	2,589	-	289
Advertising	-	15	592	-	-	-
Professional services	7,983	2,992	64,524	5,877	818	842
Assistance to individuals	6,591	-	335,532	1,498	193	3,167
Taxes and fees	-	1	379	-	-	-
Miscellaneous expenses	-	-	433	-	-	-
Depreciation	-	-	-	-	-	-
CSBG/Subsidy	-	-	-	-	-	-
In-direct	21,360	23,582	366,887	36,559	4,100	9,914
Interest Expense		-	-	-	-	-
Indirect Exclusions		-	-	-	-	-
Total Expenses	185,703	197,744	3,421,858	308,060	34,575	86,314
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, 2016

	IMMIGRATION	IMMIGRATION ILRC	IMMIGRATION CDSS	REDWOOD EMPIRE INDUSTRIES	TOTAL PROGRAMS (To Page 16)
Revenue:					
Grant	$ -	$ 422	$ 51,710	$ 148,631	$ 9,295,550
Contributions	-	-	-	2,917	32,739
Program Fees For Services	92,696	-	-	1,356,639	3,194,792
CSBG/Subsidy	-	-	-	-	5,000
Special Events	-	-	-	-	-
Extraordinary Gain	-	-	-	75	75
Indirect Revenue	-	-	-	-	-
Miscellaneous Income	-	-	-	3,650	8,992
Total Revenue	92,696	422	51,710	1,511,912	12,537,148
Expenses:					
Salaries and wages	63,279	297	28,198	690,986	4,970,915
Employee benefits	10,571	59	4,349	146,189	835,886
Payroll taxes	5,806	21	2,635	62,260	444,309
Occupancy	5,972	-	6,010	238,503	1,213,234
Telephone	1,415	-	318	8,159	168,697
Postage and shipping	397	-	87	171	27,626
Printing and duplication	2,227	-	1,365	5,941	90,851
Supplies and materials	1,867	-	438	27,440	470,387
Rental/Maintenance equipment	183	-	48	11,280	218,572
Travel	3,288	15	1,034	17,336	318,580
Insurance	1,030	3	635	23,912	219,138
Advertising	-	-	-	450	3,151
Professional services	5,212	27	426	42,614	480,891
Assistance to individuals	-	-	-	137,411	1,864,933
Taxes and fees	565	-	-	13,674	27,210
Miscellaneous expenses	-	-	-	-	68,150
Depreciation	-	-	-	-	33,197
CSBG/Subsidy	-	-	-	-	5,000
In-direct	13,781	-	6,167	172,927	1,240,079
Interest Expense	-	-	-	-	-
Indirect Exclusions	-	-	-	-	57,752
Total Expenses	115,593	422	51,710	1,599,253	12,758,558
REVENUE OVER/(UNDER) EXPENSES	$ (22,897)	$ -	$ -	$ (87,341)	$ (221,410)

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, 2016

	AYTCH PLAZA OPERATIONS	NCHA FARM WORKERS HOUSING CENTERS	MAHAL PLAZA OPERATIONS	COURTLAND PLAZA	HOUSING ADMIN / FEES FOR SERVICE	RIVER COMMUNITY HOMES	MARIN COUNTY RANCH WORKERS HOUSING	AFO	TURNING POINT COMMONS	PARKWAY PLAZA	ORTIZ PLAZA	TOTAL HOUSING (To Page 16)
Revenue:												
Grant	$ -	$ 734,719	$ 351,302	$ -	$ -	$ -	$ 67,753	$ 50,000	$ -	$ -	$ -	$ 1,203,774
Contributions	-	34,493	-	-	-	-	-	-	-	-	-	34,493
Program Fees For Services	72,304	1,937	582,526	-	305,002	2,070	-	524,662	90,069	637,383	291,678	2,507,631
CSBG/Subsidy	7,200	-	45,552	-	-	-	-	-	-	-	-	52,752
Special Events	-	-	-	-	-	-	-	-	-	-	-	-
Extraordinary Gain	-	-	-	-	-	-	-	-	-	-	-	-
Indirect Revenue	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous Income	98	20	16,995	-	-	-	-	-	-	-	-	17,113
Total Revenue	79,602	771,169	996,375	-	305,002	2,070	67,753	574,662	90,069	637,383	291,678	3,815,763
Expenses:												
Salaries and wages	13,534	382,262	173,391	-	146,349	915	12,139	280,672	62,759	218,875	11,950	1,302,846
Employee benefits	1,496	106,976	56,538	-	15,559	177	1,903	84,978	11,413	46,430	1,695	327,165
Payroll taxes	1,264	32,630	13,360	-	12,205	67	938	24,606	7,005	18,196	863	111,134
Legal Services	-	-	-	-	-	-	-	-	-	-	-	-
Occupancy	16,025	9,622	170,918	770	2,288	-	402	49,558	-	147,322	-	396,905
Telephone	270	3,103	3,120	-	2,622	451	207	3,561	-	8,886	15	22,235
Postage and shipping	111	839	2,291	-	945	-	-	1,570	205	1,160	-	7,121
Printing and duplication	-	-	1,850	-	825	-	57	255	-	1,845	-	4,832
Supplies and materials	4,817	21,280	26,132	-	7,236	-	29	31,063	83	35,291	961	126,892
Rental/Maintenance equipment	11,346	74,120	37,256	-	(1,787)	-	10	7,687	-	67,448	-	196,080
Travel	5,443	12,987	3,049	-	35,501	116	(2)	8,034	3,634	28,128	95	96,985
Insurance	4,263	11,312	39,973	-	1,799	6	82	22,179	806	3,419	95	83,934
Advertising	-	300	280	-	-	-	-	45	-	-	1,975	2,600
Professional services	10,345	29,525	91,110	4,396	44,406	36	32,228	58,626	4,148	47,111	271,547	593,478
Assistance to individuals	-	-	-	-	-	-	-	-	-	-	-	-
Taxes and fees	1,978	12	30,664	1,189	814	-	15,487	1,807	16	3,699	(65)	55,601
Miscellaneous expenses	-	-	19	-	-	-	-	21	-	9,573	-	9,613
Depreciation	27,696	-	344,378	-	-	-	-	-	-	-	-	372,074
CSBG/Subsidy Expenses	-	-	-	-	-	-	-	-	-	-	-	-
CSBG/Subsidy	7,200	-	45,552	-	-	-	-	-	-	-	-	52,752
In-direct	-	86,201	-	-	36,385	239	4,273	-	-	-	2,547	129,645
Interest expense	17,049	-	23,731	-	-	-	-	-	-	-	-	40,780
Loss on disposal	-	-	-	-	-	-	-	-	-	-	-	-
Total Expenses	122,837	771,169	1,063,612	6,355	305,147	2,007	67,753	574,662	90,069	637,383	291,678	3,932,672
REVENUE OVER/(UNDER) EXPENSES	$ (43,235)	$ -	$ (67,237)	$ (6,355)	$ (145)	$ 63	$ -	$ -	$ -	$ -	$ -	$ (116,909)

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, 2016 and 2015

	ASSETS	**2016**	**2015**
Investment in real estate:			
1410	Land	$ 65,000	$ 65,000
1420	Building and Improvements	760,903	760,903
1420	Furniture, Fixtures and equipment	8,415	8,415
1495	Less: accumulated depreciation	(566,320)	(538,624)
	Net investment in real estate	267,998	295,694
Other assets:			
1120	Cash - operating & petty	21,896	5,816
1130	Rent receivable	6	37
	Restricted deposits (note 3)		
1320	Replacement reserve	9,024	3,524
1330	Operating reserve	22,478	20,982
1191	Tenant security deposits	5,015	4,888
1200	Prepaid expenses	489	489
	Total assets	$ 326,906	$ 331,430
Liabilities And Net Assets			
Liabilities			
2320	Notes payable (note 6)	$ 568,287	$ 568,287
2110	Accounts payable and accrued expenses	34,444	13,550
2210	Prepaid Rent	169	48
2191	Tenant security deposits	5,042	4,394
2330	Interest payable (note 6)	357,860	340,812
	Total liabilities	965,802	927,091
3130	Net Assets	(595,661)	(559,193)
3250	Change in net assets	(43,235)	(36,468)
	Total net assets/(deficit)	(638,896)	(595,661)
	Total liabilities and net assets	$ 326,906	$ 331,430

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, 2016 and 2015

		2016	2015
Income			
5120	Rents	$ 74,916	$ 72,228
5200	Vacancy Loss	(2,612)	(436)
		72,304	71,792
5400T	Interest income	38	45
Other income:			
5920	Tenant Charges	60	180
5990	Misc. Income	-	-
	Total Income	72,402	72,017
Operating expenses:			
6263T	Total Administrative Expense	24,649	28,681
6400T	Total Utilities	6,729	8,214
6500T	Total Operating & Maint. Expense	32,149	21,513
6700T	Total Taxes & Insurance	7,366	6,522
	Total operating expenses	70,893	64,930
Net operating income		1,509	7,087
Financial, corporation and other expenses:			
6600	Depreciation Expense	27,696	26,506
6610	Amortization Expense	-	-
6800T	Total Financial Expense	17,049	17,049
		44,745	43,555
3250	Change in Total Net Assets from Operations	$ (43,236)	$ (36,468)

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, 2016 and 2015

	2016	2015
Cash flow from operating activities:		
Rental receipts	$ 72,456	$ 73,112
Interest receipts	38	45
Other receipts	60	180
Total receipts	72,554	73,337
Administrative	(9,621)	(14,554)
Management fee	(8,184)	(4,764)
Utilities	(3,113)	(7,171)
Salaries & wages	(13,534)	(14,528)
Operating and maintenance	(8,181)	(13,617)
Real estate taxes	(343)	(343)
Property insurance	(4,263)	(3,980)
Tenant security deposits	521	(493)
Miscellaneous taxes and insurance	(2,760)	(2,194)
Interest	-	-
Asset management fee	-	-
Total disbursements	(49,478)	(61,644)
Net cash provided by operating activities	23,076	11,693
Cash flows from investing activities:		
Purchase of property and equipment	-	(21,200)
Net (increase) decrease to reserve for replacements	(5,500)	2,774
Net (increase) decrease to reserve for taxes & insurance	(1,496)	(1,408)
Net cash used in investing activities	(6,996)	(19,834)
Cash flows from financing activities:		
Payment of notes payable	-	-
Net cash used in financing activities	-	-
Net increase in cash	16,080	(8,141)
Cash, beginning of year	5,816	13,957
Cash, end of year	$ 21,896	$ 5,816

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, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Net Loss	$ (43,236)	$ (36,468)
Reconciliation of net loss to cash provided by operating activities:		
Depreciation	27,696	26,506
(Increase) decrease in assets:		
Rent receivable	31	1,410
Prepaid expenses	-	5
Tenant security deposits - net	(127)	(5)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	20,895	3,774
Unearned rental income	121	(90)
Tenant security deposits	648	(488)
Interest payable	17,048	17,049
Net cash provided by operating activities	$ 23,076	$ 11,693

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, 2016

		2016
	Rent Revenue	
5120	Rent Revenue-Gross Potential	$ 74,916
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	74,916
	Vacancies	
5220	Apartments	2,612
5240	Stores & Commercial	-
5250	Rental Concessions	-
5270	Garage & Parking Spaces	-
5290	Miscellaneous	-
5200T	Total Vacancies	2,612
5152N	Net Revenue (Rent Revenue Less Vacancies)	72,304
	Financial Revenue	
5410	Financial Revenue - Project Operations	15
5430	Revenue from Investments - Residual Receipts	-
5440	Revenue from Investments - Replacement Reserves	4
5490	Revenue from Investments - Misc.	19
5400T	Total Financial Revenue	38
	Other Revenue	
5910	Laundry & Vending Revenue	-
5920	Tenant Charges	60
5990	Misc. Revenue	-
5900T	Total Other Revenue	60
5000T	Total Revenue	$ 72,402

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, 2016

						2016
	Administrative Expenses					
6203	Conventions & Meetings					$ -
6204	Management Consultants					-
6210	Advertising & Marketing					-
6250	Other Renting Expenses					-
6310	Office Salaries					6,844
6311	Office Expenses					3,894
6312	Office or Model Apartment Rent					-
6320	Management Fee					8,184
6330	Manager or Superintendent Salaries					-
6331	Administrative Rent Free Unit					-
6340	Legal Expense - Project					-
6350	Audit Expense					284
6351	Bookkeeping Fees/Accounting Services					-
6370	Bad Debts					-
6390	Miscellaneous Administrative Expenses					5,443
	6390-010 Descriptior Travel	6390-020	Amount:	5,316		
	6390-010 Descriptior Conference/Trainng	6390-020	Amount:	127		
6263T			Total Administrative Expenses			24,649
	Utilities Expenses					
6450	Electricity					258
6451	Water					3,431
6452	Gas					-
6453	Sewer					3,040
6400T			Total Utilities Expense			6,729
	Operating and Maintenance Expenses					
6510	Payroll					6,690
6515	Supplies					4,817
6520	Contracts					11,646
6521	Operating & Maintenance Rent Free Unit					-
6525	Garbage & Trash Removal					7,946
6530	Security Payroll/Contracts					-
6531	Security Rent Free Unit					-
6546	Heating/Cooling Repairs & Maintenance					1,050
6548	Snow Removal					-
6570	Vehicle & Maintenance Equip. Operation & Repairs					-
6580	Lease Expense					-
6590	Misc. Op & Maintenance Expenses					-
6500T			Total Operating & Maintenance Expenses			32,149

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, 2016

		2016
	TAXES & INSURANCE	
6710	Real Estate Taxes	343
6711	Payroll Taxes (Project's share)	1,264
6720	Property & Liability Insurance (Hazard)	4,263
6721	Fidelity Bond Insurance	-
6722	Workmen's Compensation	955
6723	Health Insurance & Other Benefits	541
6790	Misc. Taxes, Licenses, Permits & Insurance	-
6700T	Total Taxes & Insurance	7,366
	Total Operating Expenses	70,893
	Financial Expenses	
6820	Interest on Mortgage (or Bonds) Payable	17,049
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	17,049
6000	**Total Cost of Operations before Depreciation**	**87,942**
5060	**Operating Profit (Loss)**	**(15,540)**
	Depreciation & Amortization Expenses	
6600	Depreciation Expense	27,696
6610	Amortization Expense	-
5060N	**Operating Profit (Loss)**	**(43,236)**
	Net Entity Expenses	
7190	Other Expenses - detailed	-
7100T	Total Net Entity Expenses	-
3250	**Change in Total Net Assets from Operations**	**$ (43,236)**

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

Unrestricted accounts:		
	Petty cash	$ -
	Checking accounts - operations	21,896
Total		$ 21,896
Restricted accounts:		
	Replacement reserve	$ 9,024
	Operating reserve	22,478
	Tenant Security Deposits	5,015
Total		$ 36,517

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	2016	$ 38

The accompanying notes are an integral part of these financial statements

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, 2015	$ 3,524	$ 20,982
Monthly Deposits	5,496	1,477
Interest earned	4	19
Withdrawals (amount capitalized)	-	-
Withdrawals (amount included in operating expenses)	-	-
Balance, June 30, 2016	$ 9,024	$ 22,478

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, 2015	65,000	760,903	8,415	834,318
Additions	-	-	-	-
Balance June 30, 2016	$ 65,000	$ 760,903	$ 8,415	$ 834,318

Accounts Payable and Accrued Expenses

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

Accounts payable - trade	$ 34,443

Gross Potential Rents

Tenant rental payments	$ 72,304
Vacancy loss and concessions	2,612
Total gross potential rents	$ 74,916

Management Fee

A property management fee of $ 8,184 was incurred during 2016 for the property management services provided by California Human Development.

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, 2016

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	$	72,402
Interest earned on restricted reserve accounts		(23)
Adjusted operating income		72,379
Operating expenses		(70,893)
Adjusted net income		1,486
Other activity		
Replacement reserve deposits		(5,496)
Other reserve deposits per Regulatory Agreement		(1,477)
Replacement reserve withdrawals (expensed)		-
Total other activity		(6,973)
Operating cash flow/surplus cash	**$**	**(5,487)**
Distribution of operating cash flow/surplus cash		
Total cash available for distribution (net cash flow)	**$**	**-**

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 shows 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, 2016.

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:

	2016		2015	
	Interest Payable	Principal	Interest Payable	Principal
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 $17,048 for each of the 2015 and 2016 years	$357,860	$568,287	$340,812	$568,287

Principal and interest are deferred until July 2022.

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 20, 2017, the date on which the financial statements were available to be issued.

SUPPLEMENTARY CONTRACT INFORMATION FOR

USDA RURAL DEVELOPMENT

FOR MAHAL PLAZA

Form RD 3560-10
(02-05)

Position 3

MULTI-FAMILY HOUSING
BORROWER BALANCE SHEET

PART I - BALANCE SHEET

FORM APPROVED
OMB NO. 0575-0189

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

ASSETS	BEGINNING DATES> / ENDING DATES>	CURRENT YEAR (07-01-201) (06-30-201)	PRIOR YEAR (07-01-201) (06-30-201)	COMMENTS
CURRENT ASSETS				
1. GENERAL OPERATING ACCOUNT		206,441.00	$203,470.00	
2. R.E. TAX & INSURANCE ACCOUNT		39,136.00	34,563.00	
3. RESERVE ACCOUNT		429,753.00	356,696.00	
4. SECURITY DEPOSIT ACCOUNT		74,879.00	74,011.00	
5. OTHER CASH *(identify)*		500.00	500.00	PETTY CASH
6. OTHER *(identify)*		421.00	421.00	UTILITY DEPOSIT
7. TOTAL ACCOUNTS RECEIVABLE *(Attach list)*		11,843.00	14,957.00	
ACCTS RCVBL 0-30 DAYS $ 11,585.00				
ACCTS RCVBL 30-60 DAYS $ 0.00				
ACCTS RCVBL 60-90 DAYS $ 0.00				
ACCTS RCVBL OVER 90 DAYS $ 258.00				
8. LESS: ALLOWANCE FOR DOUBTFUL ACCOUNTS				
9. INVENTORIES *(supplies)*		( )	( )	
10. PREPAYMENTS				
11.				
12. **TOTAL CURRENT ASSETS** *(Add 1 thru 11)*		762,973.00	684,618.00	
FIXED ASSETS				
13. LAND		310,000.00	310,000.00	
14. BUILDINGS		9,036,734.00	9,036,734.00	
15. LESS: ACCUMULATED DEPRECIATION		(5,971,092.00)	(5,626,714.00)	
16. FURNITURE & EQUIPMENT		27,797.00	27,797.00	
17. LESS: ACCUMULATED DEPRECIATION		(27,797.00)	(27,797.00)	
18.		0.00	0.00	
19. TOTAL FIXED ASSETS (Add *13 thru 18)*		$3,375,642.00	$3,720,020.00	
OTHER ASSETS				
20.				
21. TOTAL ASSETS (*Add 12, 19, and 20)*		$4,138,615.00	$4,404,638.00	
LIABILITIES AND OWNERS EQUITY				
CURRENT LIABILITIES				
22. TOTAL ACCOUNTS PAYABLE *(Attach list)*		$58,962.00	$56,029.00	
ACCTS PAYABLE 0-30 DAYS $ 57,531.00				
ACCTS PAYABLE 30-60 DAYS $ 583.00				
ACCTS PAYABLE 60-90 DAYS $ 612.00				
ACCTS PAYABLE OVER 90 DAYS $ 237.00				
23. NOTES PAYABLE *(Attach list)*		39,813.00	40,194.00	
24. SECURITY DEPOSITS		74,177.00	73,274.00	
25. **TOTAL CURRENT LIABILITIES** *(Add 22 thru 24)*		$172,952.00	$169,497.00	

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 hour 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	$2,264,074.00	$2,466,307.00	
27. OTHER *(Identify)*			
28. **TOTAL LONG-TERM LIABILITIES** *(Add 26 and 2 7)*	2,264,074.00	2,466,307.00	
29. **TOTAL LIABILITIES** *(Add 25 and 28)*	2,437,026.00	2,635,804.00	
30. OWNER'S EQUITY (Net Worth) (21 *minus 29)*	(1,701,589.00)	(1,768,834.00)	
31. **TOTAL LIABILITIES AND OWNER'S EQUITY** *(Add 29 and 30)*	$4,138,615.00	$4,404,638.00	

Warning: Section 1001 of Title 18, United States Code provides: "Whoever, in any matter within the jurisdiction any of 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 THE FOREGOING INFORMATION IS COMPLETE AND ACCURATE TO THE BEST OF MY KNOWLEDGE.

9/30/16
(Date)

(Signature of Borrower or Borrower' Representative)

(Title)

PART II - 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 1930-7, is a fair presentation 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.

January 20, 2017
(Date)

(Signature)

R. Izabal, Partner - Izabal Bernardo & Cuyng -
(Name and Title)
388 MARKET STREET #888
SAN FRANCISCO, California 94111
(Address)

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

USDA
Form RD 3560-7
(Rev. 05-06)

Position 3

MULTIPLE FAMILY HOUSING PROJECT BUDGET/ UTILITY ALLOWANCE

FORM APPROVED
OMB NO. 0575-0189

PROJECT NAME	BORROWER NAME	BORROWER ID AND PROJECT NO.
Mahal Plaza	California Human Development Corp	04051792077137 047
Loan/Transfer Amount $	Note Rate Payment $	IC Payment $

Reporting Period	Budget Type	Project Rental Type	Profit Type	The following utilities are master metered:	
☑ Annual	☐ Initial	☑ Family	☐ Full Profit	☐ Electricity	☐ Gas
☐ Quarterly	☑ Regular Report	☐ Elderly	☐ Limited Profit	☑ Water	☑ Sewer
☐ Monthly	☐ Rent Change	☐ Congregate	☑ Non-Profit	☑ Trash	
	☐ SMR	☐ Group Home		☐ Other _____	
	☐ Other Servicing	☐ Mixed ☐ LH			

☑ I hereby request 97 units of RA. Current number of RA units 95.

Borrower Accounting Method: ☐ Cash ☑ Accrual

PART I-CASH FLOW STATEMENT

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
BEGINNING DATES>	07-01-2015	07-01-2015	07-01-2016	
ENDING DATES>	06-30-2016	06-30-2016	06-30-2017	
OPERATIONAL CASH SOURCES				
1. RENTAL INCOME	908,484.00	547,954.00	936,420.00	
2. RHS RENTAL ASSISTANCE RECEIVED		351,302.00		
3. APPLICATION FEES RECEIVED				
4. LAUNDRY AND VENDING	9,400.00	8,445.00	9,400.00	
5. INTEREST INCOME	625.00	625.00	600.00	
6. TENANT CHARGES	5,900.00	6,493.00	6,480.00	
7. OTHER -PROJECT SOURCES	25,320.00	26,031.00	27,068.00	
8. LESS (Vacancy *and Contingency Allowance)*	(13,627.00)		(14,064.00)	
9. LESS *(Agency Approved Incentive Allowance)*	( )		( )	
10. SUB-TOTAL *[(1 thru 7) - (8 & 9)]*	936,102.00	940,850.00	965,904.00	
NON-OPERATIONAL CASH SOURCES				
11. CASH-NON PROJECT				
12. AUTHORIZED LOAN *(Non-RHS)*				
13. TRANSFER FROM RESERVE	61,250.00	10,972.00	119,970.00	
14. SUB-TOTAL (11 thru 13)	61,250.00	10,972.00	119,970.00	
15. **TOTAL CASH SOURCES** *(10+14)*	997,352.00	951,822.00	1,085,874.00	
OPERATIONAL CASH USES				
16. TOTAL O&M EXPENSES *(From Part II)*	626,484.00	630,756.00	648,786.00	
17. RHS DEBT PAYMENT	225,948.00	225,948.00	225,948.00	
18. RHS PAYMENT *(Overage)*				
19. RHS PAYMENT *(Late Fee)*				
20. REDUCTION IN PRIOR YEAR PAYABLES				
21. TENANT UTILITY PAYMENTS				
22. TRANSFER TO RESERVE	83,670.00	84,029.00	83,670.00	
23. RETURN TO OWNER/NP ASSET MANAGEMENT FEE		0.00	7,500.00	
24. SUB-TOTAL (16 thru 23)	936,102.00	940,733.00	965,904.00	
NON-OPERATIONAL CASH USES				
25. AUTHORIZED DEBT PAYMENT (Non-RHS)				
26. ANNUAL CAPITAL BUDGET *(From Part III, Lines 4-6)*	61,250.00	10,972.00	119,970.00	
27. MISCELLANEOUS				
28. SUB-TOTAL (25 thru 27)	61,250.00	10,972.00	119,970.00	
29. TOTAL CASH USES (24+28)	997,352.00	951,705.00	1,085,874.00	
30. **NET CASH (DEFICIT)** (15- 29)	0.00	117.00	0.00	
CASH BALANCE				
31. BEGINNING CASH BALANCE	151,000.00	203,470.00	151,000.00	
32. ACCRUAL TO CASH ADJUSTMENT		2,854.00		
33. ENDING CASH BALANCE (30+31+32)	151,000.00	206,441.00	151,000.00	

According to the Paperwork Reduction Act of 1995, an agency may not conduct 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 1/2 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.

PART II-OPERATING AND MAINTENANCE EXPENSE SCHEDULE

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
1. MAINTENANCE AND REPAIRS PAYROLL	81,890.00	81,005.00	84,184.00	
2. MAINTENANCE AND REPAIRS SUPPLY	21,144.00	22,370.00	14,500.00	
3. MAINTENANCE AND REPAIRS CONTRACT	15,000.00	22,087.00	16,426.00	
4. PAINTING				
5. SNOW REMOVAL				
6. ELEVATOR MAINTENANCE/CONTRACT				
7. GROUNDS	24,000.00	25,428.00	25,000.00	
8. SERVICES	6,500.00	4,318.00	6,540.00	
9. ANNUAL CAPITAL BUDGET *(From Part V- Operating)*	5,200.00	1,215.00	7,824.00	
10. OTHER OPERATING EXPENSES *(Itemize)*				
11. SUB-TOTAL MAINT. & OPERATING *(1 thru 10)*	153,734.00	156,423.00	154,474.00	
12. ELECTRICITY *If master metered*	36,000.00	38,223.00	39,245.00	
13. WATER *check box* on	29,000.00	35,262.00	38,500.00	
14. SEWER *front.*	31,000.00	19,542.00	21,000.00	
15. FUEL (Oil/Coal/Gas)	4,000.00	3,984.00	4,150.00	
16. GARBAGE & TRASH REMOVAL	45,214.00	44,161.00	44,000.00	
17. OTHER UTILITIES				
18. SUB-TOTAL UTILITIES *(12 Thru 17)*	145,214.00	141,172.00	146,895.00	
19. SITE MANAGEMENT PAYROLL	100,110.00	97,901.00	99,206.00	
20. MANAGEMENT FEE	67,512.00	67,512.00	72,168.00	
21. PROJECT AUDITING EXPENSE	2,000.00	989.00	2,000.00	
22. PROJECT BOOKKEEPING/ACCOUNTING				
23. LEGAL EXPENSES	1,000.00	400.00	1,000.00	
24. ADVERTISING	1,000.00	280.00	1,000.00	
25. TELEPHONE & ANSWERING SERVICE	13,320.00	14,377.00	14,640.00	
26. OFFICE SUPPLIES	3,000.00	3,975.00	3,000.00	
27. OFFICE FURNITURE & EQUIPMENT	4,060.00	6,331.00	3,600.00	
28. TRAINING EXPENSE	2,000.00	448.00	2,714.00	
29. HEALTH INS. & OTHER EMP. BENEFITS	23,702.00	29,987.00	34,381.00	
30. PAYROLL TAXES	14,556.00	13,360.00	14,112.00	
31. WORKMAN'S COMPENSATION	24,987.00	26,551.00	28,344.00	
32. OTHER ADMINISTRATIVE EXPENSES *(Itemize)*	15,034.00	17,078.00	15,997.00	
33. SUB-TOTAL ADMINISTRATIVE *(19 thru 32)*	272,281.00	279,189.00	292,162.00	
34. REAL ESTATE TAXES	14,000.00	13,999.00	14,000.00	
35. SPECIAL ASSESSMENTS				
36. OTHER TAXES, LICENSES& PERMITS	255.00		255.00	
37. PROPERTY& LIABILITY INSURANCE	41,000.00	39,973.00	41,000.00	
38. FIDELITY COVERAGE INSURANCE				
39. OTHER INSURANCE				
40. SUB-TOTAL TAXES& INSURANCE *(34 thru 39)*	55,255.00	53,972.00	55,255.00	
41. TOTAL O&M EXPENSES *(11 +18+33+40)*	626,484.00	630,756.00	648,786.00	

PART III-ACCOUNT BUDGETING/STATUS

	CURRENT BUDGET	ACTUAL	PROPOSED BUDGET	COMMENTS or (YTD)
RESERVE ACCOUNT:				
1. BEGINNING BALANCE	349,000.00	356,696.00	349,000.00	
2. TRANSFER TO RESERVE	83,670.00	84,029.00	83,670.00	
TRANSFER FROM RESERVE				
3. OPERATING DEFICIT				
4. ANNUAL CAPITAL BUDGET *(Part V - Reserve)*	61,250.00	10,972.00	119,970.00	
5. BUILDING & EQUIPMENT REPAIR				
6. OTHER NON-OPERATING EXPENSES				
7. TOTAL (3 thru 6)	(61,250.00)	(10,972.00)	(119,970.00)	
8. ENDING BALANCE [(1 +2)-7]	371,420.00	429,753.00	312,700.00	
GENERAL OPERATING ACCOUNT:*				
BEGINNING BALANCE		203,470.00		
ENDING BALANCE		206,441.00		
REAL ESTATE TAX AND INSURANCE ESCROW ACCOUNT:*				
BEGINNING BALANCE		34,563.00		
ENDING BALANCE		39,136.00		
TENANT SECURITY DEPOSIT ACCOUNT:*				
BEGINNING BALANCE		74,011.00		
ENDING BALANCE		74,879.00		

*(*Complete upon submission of actual expenses.)*

NUMBER OF APPLICANTS ON THE WAITING LIST	59	RESERVE ACCT. REQ. BALANCE	294,182.00
NUMBER OF APPLICANTS NEEDING RA	59	AMOUNT AHEAD/BEHIND	146,184.00

PART IV-RENT SCHEDULE AND UTILITY ALLOWANCE

A CURRENT APPROVED RENTS/ UTILITY ALLOWANCE

UNIT DESCRIPTION			RENTAL RATE S			POTENTIAL INCOME FROM EACH RATE			
BR SIZE	UNIT TYPE	NUMBER	BASIC	NOTE RATE	HUD	BASIC	NOTE RATE	HUD	UTILITY ALLOWANCE
2	S	20	731.00	731.00		175,440.00	175,440.00		51.00
3	M	58	781.00	781.00		543,576.00	543,576.00		72.00
4	L	19	831.00	831.00		189,468.00	189,468.00		94.00
3	Z	1	0.00	0.00		0.00	0.00		0.00
				CURRENT RENT TOTALS:		$908,484.00	$908,484	$0.00	
						BASIC	NOTE	HUD	

B. PROPOSED RENTS - Effective Date: 07-01-2016

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	755.00	755.00		181,200.00	181,200.00	0.00
3	M	58	805.00	805.00		560,280.00	560,280.00	0.00
4	L	19	855.00	855.00		194,940.00	194,940.00	0.00
3	Z	1	0.00	0.00		0.00	0.00	0.00
								0.00
								0.00
								0.00
								0.00
				PROPOSED RENT TOTALS:		936,420.00	936,420.00	0.00
						BASIC	NOTE	HUD

C: PROPOSED UTILITY ALLOWANCE - Effective Date: 07-01-2016

MONTHLY DOLLAR ALLOWANCES

BR SIZE	UNIT TYPE	NUMBER	ELECTRIC	GAS	WATER	SEWER	TRASH	OTHER	TOTAL
2		20	39.00	17.00				(4.00)	52.00
3		58	61.00	21.00				(4.00)	78.00
4		19	75.00	27.00				(4.00)	98.00
3		1							0.00

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	5	2,500					
Refrigerator	5	3,250					
Range Hood	5	900					
Washers & Dryers							
Other:							
Carpet & Vinyl:							
1BR	1	1,500					
2BR	2	1,700		1,700			
3BR	2	2,500	1,882	2,500			
4BR							
Other:							
Cabinets:							
Kitchens	1	6,000					
Bathrooms							
Other:							
Doors:							
Exterior							
Interior	12			1,000			
Other:							
Window Coverings:							
List:	6	1,800					
Other:							
Heating & Air Conditioning:							
Heating	2	2,000					
Air Conditioning	2	2,000	3,998				
Other:							
Plumbing:							
Water Heater	4	2,500	850		1,215		
Bath Sinks							
Kitchen Sinks							
Faucets							
Toilets							
Other							
Major Electrical:							
List:		1,500					
Other:							
Structures:							
Windows							
Screens							
Walls							
Roofing		3,000					
Siding							
Exterior Painting							
Other							
Paving:							
Asphalt							
Concrete							
Seal & Stripe							
Other:							
Landscape & Grounds:							
Landscaping		1,500					
Lawn Equipment							
Fencing		6,600					
Recreation Area							
Signs							
Other:							
Accessibility Features:							
List:							
Other:							
Automation Equipment:							
Site Management							
Common Area		15,000					
Other:							
Other:							
List:		6,000	3,243				
List:		1,000	1,000				
List:							
TOTAL CAPITAL EXPENSES:	47	61,250	10,972	5,200	1,215		

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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.

9/30/16

(DATE)

(Signature of Borrower or Borrower's Representative)

CEO

(Title)

AGENCY APPROVAL (*Rural Development Approval Official*):	DATE:

COMMENTS:

CALIFORNIA HUMAN DEVELOPMENT CORPORATON
MAHAL PLAZA SUPPLEMENTARY DATA REQUIRED BY USDA
YEAR ENDED JUNE 30, 2016

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

None reported.

Identify of interest (IOI) relatioship between owner, management firm, any maintenance firm, supplier, vendors or any other entiry 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:	$	67,512
Total management fee paid:	$	67,512
Excess (+) Deficit (-):	$	-

Project accounts encumbered

None reported.

Project Accounts

Account Type	Account Number	Bank Name	Interest Rate	6/30/2016 Balance
Operating	494-5023620	Wells Fargo Bank		$ 206,441
Replacement Reserve	494-5076099	Wells Fargo Bank		$ 429,753
Tax and Insurance Reserve	494-5082766	Wells Fargo Bank		$ 39,136
Security Deposits	494-5082758	Wells Fargo Bank		$ 74,879

Compensation of Owner

No compensation was paid to owner.

CALIFORNIA HUMAN DEVELOPMENT CORPORATON
MAHAL PLAZA SUPPLEMENTARY DATA REQUIRED BY USDA
YEAR ENDED JUNE 30, 2016

Reserve Account Reconciliation:

1. Reserve balance required at fiscal year beginning	$	356,696 ✓
2. Required annual deposits to reserve account		83,670
3. Actual annual deposits to reserve account		84,029 ✓ 1
4. Total all authorized regular reserve withdrawls		10,972 ✓ 2
5a Total all authorized excess reserve withdrawls		-
5b Total all unauthorized reserve withdrawls		-
6. Reserve balance required at fiscal year end (1 + 2 - 4)	$	429,393
7. Verified reserve balance at fiscal year end		429,753
8. Amount reserve is over-funded (+) or under funded (-) (7 - 6)	$	359 ✓

(1) Includes the following:

Annual reserve deposits	$	83,670
Additional deposit - excess operating cash		
Earned interest		359
	$	84,029

(2) Approved reserve account withdrawls:

Check #	Check Date	Vendor	Amount	
1431	11/04/15	Sherwin Williams Sacramento	1,881.95	
1432	01/27/16	Precision Power Washing	1,000.00	
1433	03/08/16	E&A Team, Inc	1,747.50	
1434	04/19/16	P&L Plumbing	850.00	
1435	05/19/16	E&A Team, Inc	1,495.00	
1436	06/15/16	Total Comfort Heating & Air	1,999.00	
1437	06/30/16	Total Comfort Heating & Air	1,999.00	
				$ 10,972.45

Surplus Cash Reconciliation:

1. Operating account balance at fiscal year end			$ 206,941
2. Housing assistance payment receivable			11,042
3. Security Deposit account balance at fiscal year end			74,879
4. Operating account payables at fiscal year end			98,870
	Accounts Payable:	59,057	
	Accrued Payroll & Payroll Taxes:	-	
	Loans and notes payable due with 30 days:		
	Prepaid Rent	738	
	Unearned Income:	39,075	
5. Required Security Deposit account balance at fiscal year end			74,177
6. Adjusted operating account balance at fiscal year end (1 + 2 + 3 - 4 -5)			$ 119,815
7. Operating and maintenance budget for fiscal year			$ 626,484
8. Insurance budget for fiscal year			41,000
9. Net operating and maintenance budget for fiscal year (7 - 8)			$ 585,484
10. Allowable Excess Cash - 20% x Net Operating and Maintenance Budget (20% x 9)			$ 117,097
11. Excess cash (+) or cash deficiency (-) (5 - 9)			$ 2,718

CALIFORNIA HUMAN DEVELOPMENT CORPORATON
MAHAL PLAZA SUPPLEMENTARY DATA REQUIRED BY USDA
YEAR ENDED JUNE 30, 2016

Reserve for Tax & Insurance

Balance, beginning of year	$	34,563
Total deposits for current year		42,468
Interest earned during the year		20
Withdrawls (approved by USDA-RD)	$	(37,916)
Balance, end of year	$	39,136

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, 2016 and 2015

	ASSETS	**2016**	**2015**
Investment in real estate:			
1410	Land	$ 310,000	$ 310,000
1430-1433	Building and Improvements	9,036,734	9,036,734
1420	Furniture, Fixtures and equipment	27,797	27,797
1495	Less: accumulated depreciation	(5,998,889)	(5,654,511)
1400N	Net investment in real estate	3,375,643	3,720,020
Other assets:			
1120	Cash - operating & petty	206,941	203,970
1321	Rent receivable	11,757	14,957
1140	Notes receivable-operations	86	-
	Restricted deposits (note 3)		
1123	Replacement reserve	429,753	356,696
	Operating reserve	-	-
1124	Tax & Insurance	39,136	34,563
1121	Tenant security deposits	74,879	74,011
1810	Prepaid expenses	421	422
1000T	Total assets	$ 4,138,615	$ 4,404,639
Liabilities And Corporation Capital			
Liabilities			
2820-2822	Notes payable (note 4)	$ 2,264,074	$ 2,466,307
2110	Accounts payable and accrued expenses	58,962	56,030
2420	Prepaid Rent	738	1,119
2610	Unearned income	39,075	39,075
2411	Tenant security deposits	74,177	73,274
2000T	Total liabilities	2,437,026	2,635,805
Net Assets		1,768,834	1,841,892
3130	Change in net assets	(67,245)	(73,058)
3250	Total net assets	1,701,589	1,768,834
	Total liabilities and net assets	$ 4,138,615	$ 4,404,639

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, 2016 and 2015

		2016	2015
Income			
5120	Gross potential rent	$ 567,171	$ 546,952
5121	Tenant Assistance Payments	351,302	371,521
5140	Rent revenue - Stores & Commercial	24,600	24,600
5200	Less: vacancies and concessions	(9,245)	(11,869)
		933,828	931,204
5400T	Interest income	625	578
Other income:			
5910	Laundry and vending income	8,445	9,862
5920	Other tenant charges	6,493	5,529
5990	Miscellaneous	1,431	2,406
	Total Income	950,822	949,579
Operating expenses:			
6263T	Administrative	222,729	235,125
6400T	Utilities	97,011	100,709
6500T	Operating and maintenance	206,350	202,012
6700T	Taxes and insurance	123,870	111,544
	Total operating expenses	649,960	649,390
Net operating income		300,862	300,189
Financial, corporation and other expenses:			
6600	Depreciation	344,376	347,506
6610	Amortization	-	-
6820	Interest (note 6)	23,731	25,741
	Total financial, corporation and other expenses	368,107	373,247
Net loss		$ (67,245)	$ (73,058)

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, 2016 and 2015

	2016	2015
Cash flow from operating activities:		
Rental receipts	935,091	937,671
Interest receipts	625	578
Other receipts	17,839	16,980
Total receipts	$ 953,555	$ 955,229
Administrative	(57,316)	(73,667)
Management fee	(67,512)	(67,454)
Utilities	(95,625)	(103,555)
Salaries & wages	(176,809)	(179,171)
Operating and maintenance	(125,895)	(124,073)
Real estate taxes	(13,999)	(14,948)
Property insurance	(39,973)	(38,733)
Tenant security deposits	35	1,611
Miscellaneous taxes and insurance	(69,898)	(57,863)
Interest	(23,731)	(25,741)
Asset management fee	-	-
Total disbursements	$ (670,723)	$ (683,594)
Net cash provided by operating activities	$ 282,832	$ 271,635
Cash flows from investing activities:		
Purchase of property and equipment	-	(8,256)
Net (increase) decrease to reserve for replacements	(73,057)	(81,451)
Net (increase) decrease to reserve for taxes & insurance	(4,573)	2,560
Net cash used in investing activities	$ (77,630)	$ (87,147)
Cash flows from financing activities:		
Payment of notes payable	(202,233)	(200,221)
Net cash used in financing activities	(202,233)	(200,221)
Net increase in cash	2,969	(15,733)
Cash, beginning of year	203,970	219,703
Cash, end of year	$ 206,941	$ 203,970

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, 2016 and 2015

	2016	2015
Cash flows from operating activities		
Net Loss	$ (67,245)	$ (73,058)
Reconciliation of net loss to cash provided by operating activities:		
Depreciation	344,376	347,506
Amortization	-	-
(Increase) decrease in assets:		
Grant receivable	1,297	6,043
Rent receivable	347	(674)
Other receivable	1,470	(817)
Prepaid expenses	1	1,114
Tenant security deposits - net	(868)	1,112
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	2,932	(11,188)
Unearned rental income	(381)	1,098
Tenant security deposits	903	499
Net cash provided by operating activities	$ 282,832	$ 271,635

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, 2016

		2016
	Rent Revenue	
5120	Rent Revenue-Gross Potential	$ 567,171
5121	Tenant Assistance Payments	351,302
5140	Rent Revenue - Stores & Commercial	24,600
5170	Rent Revenue - Garage & Parking	-
5180	Flexible Subsidy Revenue	-
5190	Miscellaneous Rent Revenue	-
5100T	Total Rent Revenue	943,073
	Vacancies	
5220	Apartments	9,245
5240	Stores & Commercial	-
5250	Rental Concessions	-
5270	Garage & Parking Spaces	-
5290	Miscellaneous	-
5200T	Total Vacancies	9,245
5152N	Net Revenue (Rent Revenue Less Vacancies)	933,828
	Financial Revenue	
5410	Financial Revenue - Project Operations	247
5430	Revenue from Investments - Residual Receipts	-
5440	Revenue from Investments - Replacement Reserves	359
5490	Revenue from Investments - Misc.	19
5400T	Total Financial Revenue	625
	Other Revenue	
5910	Laundry & Vending Revenue	8,445
5920	Tenant Charges	6,493
5990	Misc. Revenue	1,431
5900T	Total Other Revenue	16,369
5000T	Total Revenue	$ 950,822

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, 2016

							2016
	Administrative Expenses						
6203	Conventions & Meetings						448
6204	Management Consultants						-
6210	Advertising & Marketing						280
6250	Other Renting Expenses						1,316
6310	Office Salaries						37,405
6311	Office Expenses						37,786
6312	Office or Model Apartment Rent						
6320	Management Fee						67,512
6330	Manager or Superintendent Salaries						60,496
6331	Administrative Rent Free Unit						9,972
6340	Legal Expense - Project						400
6350	Audit Expense						989
6351	Bookkeeping Fees/Accounting Services						-
6370	Bad Debts						-
6390	Miscellaneous Administrative Expenses						6,125
	6390-010	Description:	Client activities	6390-020	Amount:	1,501	
	6390-010	Description:	Mileage reimb	6390-020	Amount:	1,120	
	6390-010	Description:	Site assessment	6390-020	Amount:	3,495	
6263T					Total Administrative Expenses		$ 222,729
	Utilities Expenses						
6450	Electricity						38,223
6451	Water						35,262
6452	Gas						3,984
6453	Sewer						19,542
6400T					Total Utilities Expense		$ 97,011
	Operating and Maintenance Expenses						
6510	Payroll						77,510
6515	Supplies						23,621
6520	Contracts						56,928
6521	Operating & Maintenance Rent Free Unit						-
6525	Garbage & Trash Removal						44,161
6530	Security Payroll/Contracts						-
6531	Security Rent Free Unit						-
6546	Heating/Cooling Repairs & Maintenance						4,130
6548	Snow Removal						-
6570	Vehicle & Maintenance Equip. Operation & Repairs						-
6580	Lease Expense						-
6590	Misc. Op & Maintenance Expenses						-
6500T					Total Operating & Maintenance Expenses		$ 206,350

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, 2016

			2016
	TAXES & INSURANCE		
6710	Real Estate Taxes		13,999
6711	Payroll Taxes (Project's share)		13,360
6720	Property & Liability Insurance (Hazard)		39,973
6721	Fidelity Bond Insurance		-
6722	Workmen's Compensation		26,551
6723	Health Insurance & Other Benefits		29,987
6790	Misc. Taxes, Licenses, Permits & Insurance		-
6700T		Total Taxes & Insurance	123,870
		Total Operating Expenses	649,960
	Financial Expenses		
6820	Interest on Mortgage (or Bonds) Payable		23,731
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	23,731
6000	**Total Cost of Operations before Depreciation**		**673,691**
5060	**Operating Profit (Loss)**		**277,132**
	Depreciation & Amortization Expenses		
6600	Depreciation Expense		344,377
6610	Amortization Expense		-
5060N	**Operating Profit (Loss)**		**(67,245)**
	Net Entity Expenses		
7190	Other Expenses - detailed		-
7100T		Total Net Entity Expenses	-
3250	**Change in Total Net Assets from Operations**		**$ (67,245)**

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		206,441
Total	$	206,941
Restricted accounts:		
Tax and Insurance	$	39,136
Replacement reserve		429,753
Operating reserve		-
Tenant Security Deposits		74,879
Total	$	543,768

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	2016	$	80

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	Tax and Insurance Reserve
Balance, June 30, 2015	$ 356,696	$ 34,563
Monthly Deposits:	83,670	42,468
Twelve months at 6973 per month		
Interest earned	359	20
Withdrawals (amount capitalized)	-	-
Withdrawals (amount included in operating expenses)	10,972	(37,915)
Balance, June 30, 2016	$ 429,753	$ 39,136

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, 2015	310,000	9,036,734	27,797	9,374,532
Additions	-	-	-	-
Balance June 30, 2016	$ 310,000	$ 9,036,734	$ 27,797	$ 9,374,532

Accounts Payable and Accrued Expenses

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

Accounts payable - trade	$ 58,962

Gross Potential Rents

Tenant rental payments	$ 547,954
Housing assistance payments	351,302
Commercial rental payments	24,600
Employee quarters (manager unit) shown as an expense	9,972
Vacancy loss and concessions	9,245
Total gross potential rents	$ 943,073

Management Fee

A property management fee of $ 67,512 was incurred during 2016 for the property management services provided by California Human Development.

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, 2016

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	$ 950,822
Interest earned on restricted reserve accounts	(379)
Adjusted operating income	950,443
Operating expenses	(649,960)
Adjusted net income	300,483
Other activity	
Mandatory debt service	
Loan #1 Phase I	(75,002)
Loan #2 Phase II	(128,363)
Loan #3 JBCC	(22,608)
Other misc. financial expenses	
Replacement reserve deposits	(83,670)
Other reserve deposits per Regulatory Agreement	-
Replacement reserve withdrawals (expensed)	12,720
Total other activity	(296,923)
Operating cash flow/surplus cash	**3,560**
Distribution of operating cash flow/surplus cash	-
Total cash available for distribution (net cash flow)	**$ 3,560**

$3,560 transferred to Replacement Reserve November 22, 2016

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 1 of Mahal Plaza was completed in 1990. The Second Phase was completed in 1997. The Second Phase 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 Farmworker Services office that provides Employment/Training and other services to the tenants and other farmworkers in the counties of Yuba and Sutter.

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 shows 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, 2016.

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:

			2016		2015	
			Interest Payable	Principal	Interest Payable	Principal
FMHA / USDA Rural Department for Mahal Plaza I						
Loan begin date	3/11/1989		$ 0	$ 414,456	$ 0	$ 484,921
Original amount	2,045,000					
Interest rate	1%					
Term	31.8543	years				
Monthly payments of principal and interest in the amount of $6,249.33 deducted from the USDA subsidy payment						
FMHA / USDA Rural Department for Mahal Plaza II			$ 0	$ 1,445,265	$ 0	$1,558,674
Loan begin date	6/2/1995					
Original amount	3,500,000					
Interest rate	1%					
Term	31.85	years				
Monthly payments of principal and interest in the amount of $10,696.91						
USDA Rural Department for Joe Benatar Community Building			$ 0	$ 404,353	$ 0	$ 422,711
Loan begin date						
Original amount	600,000					
Interest rate	1%					
Term	32	years				
Monthly payments of principal and interest in the amount of $1,864						
Total			**$ 0**	**$ 2,264,074**	**$ 0**	**$2,466,307**

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 2016-Jun 2017	$ 71,173	$114,548	$ 18,526	$ 204,247
Jul 2017-Jun 2018	$ 71,888	$115,699	$ 18,711	$ 206,298
Jul 2018-Jun 2019	$ 72,610	$116,861	$ 18,899	$ 208,370
Jul 2019-Jun 2020	$ 73,340	$118,035	$ 19,088	$ 210,463
Jul 2020-Jun 2021	$ 74,076	$119,221	$ 19,278	$ 212,575
Thereafter	$ 51,369	$860,901	$ 309,851	$ 1,222,121
	414,456	$1,445,265	$ 404,353	$ 2,264,074

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 2015-2016 fiscal year the amount to be transferred is $3,561

NOTE 7 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through January 20, 2017, 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# 16F-5201
FOR THE PERIOD JANUARY 1, 2016 - DECEMBER 31, 2016

	JANUARY 1, 2016 through JUNE 30, 2016	Total Audited Costs	Total Reported Costs	Total Budget
REVENUE				
Grant Revenue Program 29	$ 955,537	$ 955,537	$ 955,537	$ 1,459,547
Total Revenue	$ 955,537	$ 955,537	$ 955,537	$ 1,459,547
EXPENDITURES				
Administration				
Salaries & Wages	98,481	98,481	98,481	181,219
Fringe Benefits	18,035	18,035	18,035	33,843
Operating Expenses & Equipment	70,461	70,461	70,461	140,728
Out of State Travel	1,568	1,568	1,568	5,181
Subcontractor Services	1,380	1,380	1,380	3,412
Other Costs	137,241	137,241	137,241	221,269
Total Admin costs	327,166	327,166	327,166	585,652
Program				
Salaries & Wages	266,137	266,137	266,137	520,821
Fringe Benefits	65,669	65,669	65,669	84,220
Operating Expenses & Equipment	278,249	278,249	278,249	230,708
Out of State Travel	352	352	352	7,526
Subcontractor Services	-	-	-	-
Other Costs	17,964	17,964	17,964	30,620
Drought Assistance Program	-	-	-	-
Total Program costs	628,371	628,371	628,371	873,895
Total Costs	$ 955,537	$ 955,537	$ 955,537	$ 1,459,547

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT# 15F-2201
FOR THE PERIOD JANUARY 1, 2015 - DECEMBER 31, 2015

	JANUARY 1, 2015 through JUNE 30, 2015	JULY 1, 2015 through DEC. 31, 2015	Total Audited Costs	Total Reported Costs	Total Budget
REVENUE					
Grant Revenue Program 17	$ 746,748	$ 628,707	$ 1,375,455	$ 1,375,455	$ 1,375,455
Total Revenue	$ 746,748	$ 628,707	$ 1,375,455	$ 1,375,455	$ 1,375,455
EXPENDITURES					
Administration					
Salaries & Wages	80,047	70,190	150,237	150,237	150,237
Fringe Benefits	16,656	13,097	29,753	29,753	29,753
Operating Expenses & Equipment	68,578	48,851	117,429	117,429	117,429
Out of State Travel	-	1,516	1,516	1,516	1,516
Contract/Consultant Services	1,920	1,492	3,412	3,412	3,412
Other Costs	102,855	90,949	193,804	193,804	193,804
Total Admin costs	270,056	226,095	496,151	496,151	496,151
Program			-		
Salaries & Wages	267,512	253,309	520,821	520,821	520,821
Fringe Benefits	46,915	37,305	84,220	84,220	84,220
Operating Expenses & Equipment	144,245	91,872	236,117	236,117	236,117
Out of State Travel	-	7,526	7,526	7,526	7,526
Other Costs	18,020	12,600	30,620	30,620	30,620
Total Program costs	476,692	402,612	879,304	879,304	879,304
Total Costs	$ 746,748	$ 628,707	$ 1,375,455	$ 1,375,455	$ 1,375,455

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SUPPLEMENTAL STATEMENT OF REVENUE AND EXPENDITURES
CSD CONTRACT# 15F-2429
FOR THE PERIOD JUNE 1, 2015 - MAY 31, 2016

	JUNE 1, 2015 through MAY 31, 2016	Total Audited Costs	Total Reported Costs	Total Budget
REVENUE				
Grant Revenue Program 31	$ 100,000	$ 100,000	$ 100,000	$ 100,000
Total Revenue	$ 100,000	$ 100,000	$ 100,000	$ 100,000
EXPENDITURES				
Administration				
Salaries & Wages	-	-	-	-
Fringe Benefits	-	-	-	-
Operating Expenses & Equipment	-	-	-	-
Out of State Travel	-	-	-	-
Contract/Consultant Services	2,025	2,025	2,025	2,025
Other Costs	-	-	-	-
Total Admin costs	2,025	2,025	2,025	2,025
Program		-		
Salaries & Wages	23,454	23,454	23,454	23,454
Fringe Benefits	4,906	4,906	4,906	4,906
Operating Expenses & Equipment	69,615	69,615	69,615	69,615
Out of State Travel	-	-	-	-
Other Costs	-	-	-	-
Total Program costs	97,975	97,975	97,975	97,975
Total Costs	$ 100,000	$ 100,000	$ 100,000	$ 100,000

CALIFORNIA HUMAN DEVELOPMENT CORPORATION

UNIFORM GUIDANCE REPORTS

FOR THE YEAR ENDED JUNE 30, 2016

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

388 Market Street, Suite 888
San Francisco, California 94111

Tel (415) 896-5551
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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, 2016, and have issued our report thereon dated January 20, 2017, 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.

Izabal, Bernaciak & Company

San Francisco, California
January 20, 2017

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

Federal Grantor/Pass-through Grantor Agency/Program	Agency/ Pass-through Number	Federal CFDA Number	Total Expenditures
U.S. Department of Health and Human Services			
Passed through State of California			
Community Services Block Grant - Discretionary	16F-5201	93.569	955,537
Community Services Block Grant - Discretionary	15F-2201	93.569	628,707
Community Services Block Grant - Discretionary	15F-2429	93.569	100,000
		Sub-total for 93.569	1,684,244
Passed through Department of Alcohol and Drug Services			
Sonoma County Health Services - TASC Residential	DHS-AODS	93.959	414,545
Total U.S. Department of Health and Human Services			2,098,789
U.S. Department of Agriculture			
Passed through Farmers Home Administration			
Mahal Plaza - Farm Labor Housing Subsidy	04-051-792077137	10.427	351,302
Prior year loans for which conintinuing compliance is required:			
Passed through Farmers Home Administration			
Mahal Plaza (Phase I) - Farm Labor Housing Loan	04-051-792077137	10.405	414,456
Mahal Plaza (Phase II) - Farm Labor Housing Loan	04-051-792077137	10.405	1,445,265
Mahal Plaza (Phase III) - Farm Labor Housing Loan	04-051-792077137	10.405	404,353
		Sub-total for 10.405	2,264,074
Total U.S. Department of Agriculture			2,615,376
U.S. Department of Labor			
Direct			
WIA Title I 167 - National Farmworker Job Program	AC-24003-13-55-A-6	17.264	3,421,858
WIA ADULT	11201SWTC	17.258	86,308
Passed through State of California, Department of Employment			
WIA Title I Dislocated Workers - Agriculture Industry	WIA-DS-01-01-16-CHD	17.278	308,060
WIA Title I Dislocated Workers - Program EERE PaT	WIOA-DW-EERE 10-01-15-CHD	17.278	34,575
WIA Title I Dislocated Workers - Agriculture Industry	WIA-DS-10-01-13-CHD	17.278	86,314
		Sub-total for 17.278	428,949
Passed through State of California and San Joaquin County, Department of Employment			
WIA Title I - Youth Program	2011 - 002	17.259	197,744
		Sub-total for WIA Cluster 17.258, 17.259, 17.278	713,001
Passed through State of California, Department of Employment			
2015 NDW Fire Temporary Jobs Program	NDWFire-01-16-CHD	17.277	185,703
NDW Drought Temporary Jobs Program	NDW Drought-07-15-CHD	17.277	109,637
		Sub-total for 17.277	295,340
Total U.S. Department of Labor			4,430,199
Total Expenditures of Federal Awards			$ 9,144,364

Note A: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the Schedule) includes the federal award activity of California Human Development Corporation under programs of the federal government for the year ended June 30, 2016. The information in this Schedule is presented in accordance with the 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). Because the Schedule presents only a selected portion of the operations of California Human Development Corporation, it is not intended to and does not present the financial position, changes in net assets, or cash flows of California Human Development Corporation.

Note B: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles in OMB Circular A-122, Cost Principles for Non-Profit Organizations, or the cost principles in Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

(2) California Human Development Corporation has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

IZABAL, BERNACIAK & COMPANY
CERTIFIED PUBLIC ACCOUNTANTS

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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, 2016, 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 20, 2017.

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.



San Francisco, California
January 20, 2017

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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, 2016. 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.

CHD's basic financial statements include the operations of R House, Inc., which expended $1,196,791 in federal awards that are not included in the accompanying schedule of expenditures of federal awards during the year ended June 30, 2016. Our audit, described below, did not include the operations of R House, Inc. because R House, Inc. engaged other auditors to perform an audit in accordance with the Uniform Guidance.

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, 2016.

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.

Gilbert Cpas

San Francisco, California
January 20, 2017

CALIFORNIA HUMAN DEVELOPMENT CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2016

A. SUMMARY OF AUDITOR'S RESULTS	
Financial Statements 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
Federal Awards 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 Disclosed by Audit	NONE REPORTED
4. Major Programs:	17.277 – WIOA National Dislocated Worker Grants / WIA National Emergency Grants 93.569 – Community Services Block Grant
5. Dollar Threshold for Type A Programs	$750,000
6. Auditee Qualification	LOW 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, 2016

There were no findings noted for the year ended June 30, 2015.