DELTA COMMUNITY DEVELOPERS CORPORATION

Financial Statements and Independent Auditors' Report

Year Ended December 31, 2021

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List of Principal Officials

The following table lists the Board Members as of December 31, 2021:

Chairperson	Ryan Gresham
First vice chairperson (tenant)	Patricia Barrett
Second vice chairperson	Lester Patrick
Commissioner	Stephen Beckham
Commissioner	Jonathan Mendelson
Commissioner (tenant)	Crisanne Santini
Commissioner	Rudolph (Rudy) Willey

In addition to the above Commissioners, the Executive Director of the Housing Authority is Peter W. Ragsdale, who also serves on the Board as Secretary.

INDEPENDENT AUDITORS' REPORT

The Governing Body of
Delta Community Developers Corporation

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of the business-type activities and aggregate discretely presented component units Delta Community Developers Corporation (Corporation), a component unit of the Housing Authority of the County of San Joaquin, as of and for the year ended December 31, 2021, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements present fairly, in all material respects, the respective financial position of the business-type activities and aggregate discretely presented component units of the Corporation as of December 31, 2021, and the changes in its financial position and, where applicable, cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the following discretely presented component units:

Stockton Sierra Vista I, LP and
Stockton Sierra Vista II, LP

Collectively, these entities represent 100 percent, 100 percent, and 100 percent, respectively, of the assets, net position, and revenues of the discretely presented component units. Those financial statements, which were prepared in accordance with *Accounting Standards Codification* as issued by the Financial Accounting Standards Board, were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for discretely presented component units, is based solely on the report of the other auditors.

BASIS FOR OPINION

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

RESPONSIBILITIES OF MANAGEMENT FOR THE FINANCIAL STATEMENTS

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for one year after the date that the financial statements are issued.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

(1) Exercise professional judgment and maintain professional skepticism throughout the audit; (2) Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements; (3) Obtain an understanding of internal control relevant to the audit 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 Corporation's internal control. Accordingly, no such opinion is expressed; (4) Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements; (5) Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Corporation's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

OTHER MATTERS

Management has omitted the management, discussion, and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Smith Marion & Co.

May 24, 2022
Redlands, CA

Delta Community Developers Corporation

Statement of Net Position
December 31, 2021

Assets and Deferred Outflows of Resources	**Consolidated Corporation**	**Discretely Presented Component Units**
Current assets:		
Cash and equivalents - operating	$ 3,992,236	$ 1,397,095
Restricted cash and equivalents	75,018	2,497,567
Receivables, net of allowances	1,780,163	93,866
Due from related parties	15,329	-
Prepaid expenses and other current assets	40,872	125,217
Total current assets	5,903,618	4,113,745
Non-current assets:		
Long-term accrued interest receivable	861,177	-
Other long-term assets	-	351,845
Capital assets, net of accumulated depreciation	19,550,953	68,395,628
Total non-current assets	20,412,130	68,747,473
Total assets	26,315,748	72,861,218
Total deferred outflows of resources	-	-
Total Assets and Deferred Outflows of Resources	**$ 26,315,748**	**$ 72,861,218**

See accompanying notes.

Delta Community Developers Corporation

Statement of Net Position
December 31, 2021

Liabilities, Deferred Inflows of Resources, and Net Position	**Consolidated Corporation**	**Discretely Presented Component Units**
Current liabilities:		
Accounts payable	$ 1,049,978	$ 1,477
Unearned revenues	60,078	24,524
Deposits held in trust, contra	75,018	164,500
Other current liabilities	87,774	111,243
Due to related parties	23,233	-
Accrued interest payable	40,795	901,260
Debt, current portion	147,134	-
Total current liabilities	1,484,010	1,203,004
Non-current liabilities:		
Debt, net of current	5,357,126	30,149,544
Total non-current liabilities	5,357,126	30,149,544
Total liabilities	6,841,136	31,352,548
Total deferred inflows of resources	-	-
Net position:		
Net investment in capital assets	14,046,693	38,246,084
Restricted	-	2,330,067
Unrestricted	5,427,919	932,519
Total net position	19,474,612	41,508,670
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 26,315,748**	**$ 72,861,218**

See accompanying notes.

Delta Community Developers Corporation

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2021

	Consolidated Corporation	Discretely Presented Component Units
Operating revenues:		
Tenant rental revenue, net of collection losses	$ 964,676	$ 3,014,665
Operating grants and subsidies	3,778,036	140,839
Other revenue	1,353,139	37,592
Total operating revenues	6,095,851	3,193,096
Operating expenses:		
Administrative	330,217	392,682
Tenant services	-	27,485
Utilities	101,621	354,784
Ordinary maintenance and operations	198,164	337,388
Protective services	5,998	1,248
Insurance premiums	13,001	130,456
Other general expenses	42,851	79,067
Depreciation	629,100	1,356,719
Related party fee expense	664,683	-
Total operating expenses	1,985,635	2,679,829
Operating income (loss)	4,110,216	513,267
Non-operating revenues (expenses):		
Investment income	430,541	517
Interest expense	(222,099)	(3,245,285)
Total non-operating revenues (expenses)	208,442	(3,244,768)
Income (loss) before contributions and other items	4,318,658	(2,731,501)
Capital contributions	-	21,402,659
Transfers from (to) primary government	1,130,000	-
Special items gains (losses)	-	170,164
Change in net position	**$ 5,448,658**	**$ 18,841,322**
Net position, beginning of year	$ 14,673,596	$ 22,667,348
Change in net position	5,448,658	18,841,322
Prior-period restatements	1,023,628	-
Equity transfers	(1,671,270)	-
Net position, end of year	**$ 19,474,612**	**$ 41,508,670**

See accompanying notes.

Delta Community Developers Corporation

Statement of Cash Flows
Year Ended December 31, 2021

	Consolidated Corporation
Cash flows from operating activities:	
Cash receipts from tenants	$ 1,005,471
Cash receipts from grants	1,547,078
Cash receipts from development cost reimbursements	1,816,621
Cash payments to suppliers for goods and services	(746,666)
Cash payments for wages and benefits	(56,063)
Other cash payments and receipts	1,230,752
Net cash provided (used) by operating activies	4,797,193
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(6,957,760)
Transfers from (to) Authority	1,130,000
Payments of interest	(181,304)
Proceeds from additional borrowings	1,403,000
Principal payments on debt	(1,730,977)
Net cash provided (used) by capital and related financing activities	(6,337,041)
Cash flows from investing activities:	
Interest on cash deposits	3,857
Interest on notes receivable	589,120
Net cash provided (used) by investing activities	592,977
Net change in cash and equivalents	(946,871)
Cash at beginning of period	5,014,125
Cash at end of period	**$ 4,067,254**
Reconciliation of cash to the Statement of Net Position:	
Cash and equivalents - operating	$ 3,992,236
Restricted cash and equivalents	75,018
Total cash and equivalents	**$ 4,067,254**

See accompanying notes.

Delta Community Developers Corporation

Statement of Cash Flows
Year Ended December 31, 2021

	Consolidated Corporation
Reconciliation of operating income (loss) to net cash provided by operating activities:	
Operating income (loss)	$ 4,110,216
Adjustments to reconcile operating loss to net cash provided (used) by operating activities:	
Depreciation	629,100
Bad debt expense	6,305
Changes in operating assets and liabilities:	
Accounts receivable	1,819,077
Prepaid expenses and other assets	(57,060)
Accounts payable	553,806
Deposits held in trust, contra	32,034
Unearned revenues	(2,230,958)
Other liabilities	(65,327)
Net cash provided (used) by operating activities	**$ 4,797,193**

See accompanying notes.

NOTE 01 - NATURE OF BUSINESS AND ORGANIZATION

Delta Community Developers Corporation (the "Corporation", we, us, our) was initially incorporated under the name Villa Real in June 1999 as a 501 C 3 not-for-profit corporation. The Corporation changed names to Delta Community Developers Corporation in June 2017 The Corporation operates as a California non-profit public benefit corporation whose purpose is to engage in financing, acquiring, developing, rehabilitating, owning, managing, and selling affordable housing for disabled, elderly, and extremely low, low and moderate-income persons within the County of San Joaquin.

Reporting Entity

We are a wholly owned subsidiary of the Housing Authority of the County of San Joaquin (Authority). We share the same Board of Commissioners (Board) as the Authority, are fiscally dependent on the Authority, and have a financial benefit/burden relationship with the Authority, therefore we are considered a component unit of the Authority.

As described in GASB Statement No. 34, paragraph 134, the Corporation meets the definition of a special purpose government ("SPG"). The Corporation is a legally separate entity that is engaged in only business-type activities. Business-type activities are defined as activities that are financed in whole or in part by fees charged to external parties for goods or services. SPGs engaged only in business-type activities are required to present only the financial statements required for proprietary funds, which includes Management's Discussion and Analysis ("MD&A"), basic financial statements, and Required Supplemental Information ("RSI"). All inter-program activities have been eliminated in these financial statements.

Management applied the criteria of GASB Statement No. 14, *The Financial Reporting Entity,* Statement No. 39, *Determining Whether Certain Organizations are Component Units – an Amendment of GASB Statement No. 14,* Statement No. 61, *The Financial Reporting Entity: Omnibus – an Amendment of GASB Statements No. 14 and No. 34*, and GASB Statement No. 80, *Blending Requirements for Certain Component Units – an Amendment of GASB Statement No. 14* to determine whether the component units should be reported as blended or discretely presented component units. The criteria included whether the Corporation appoints the voting majority of the governing board, there is a financial benefit/burden relationship, the Corporation is able to impose its will, the component unit is fiscally dependent on the Corporation, the component unit's governing body is substantially the same as the Corporation, and management of the Corporation have operational responsibility for the activities of the component unit.

The following entities are considered blended component units of the Authority and are required to be blended within our financial statements:

The Corporation is the sole member of DCDC Center Street LLC, DCDC Creekside LLC, DCDC Sonora Square LLC, DCDC Stand LLC, DCDC Victory Gardens LLC, DCDC Sierra Vista I, DCDC Sierra Vista II, DCDC Medici Artist Lofts LLC, DCDC Park Center LLC and DCDC Cottage Village.

The Corporation is also a majority interest owner (51%) of DCDC Housing First LLC.

The purpose of these entities is to provide affordable housing for low-income, disabled, elderly and homeless persons in San Joaquin County through development partnerships, as well as acquiring, developing, rehabilitating, owning, managing, and selling affordable housing. These entities report on a December 31st year-end. These entities do not issue separate audited financial statements. Their financial statement data, as of and for the year ended December 31, 2021 has been blended through consolidation with the Corporation's financial statement data.

Financial information for blended component units may be obtained at the Authority's office.

The following entities are considered discrete component units of the Corporation and are required to be discretely presented apart from our financial statements:

Stockton Sierra Vista I, LP (SV I)

SV I was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project. SV I consists of 19 buildings comprised of 115 units located in Stockton, California. During 2019, SV I completed construction for 10 of the 19 buildings of the Project and the remaining buildings were completed and placed in service during the first quarter of 2020. SVI is operating under the name of Sierra Vista I Apartments. DCDC Sierra Vista I, LLC serves as the managing general partner and owns 0.0049% of SV I. SV I reports on a December 31 calendar year and issues separately audited financial statements. Information as of and for the year ended December 31, 2021 have been reported in the accompanying basic financial statements.

Stockton Sierra Vista II, LP (SV II)

SV II was formed as a limited partnership under the laws of the State of California for the purpose of investing in and acquiring a fee interest in the land, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project. SV II consists of 100 units located in Stockton, California. During 2020 SV II completed construction. SV II is operating under the name of Sierra Vista II Apartments. DCDC Sierra Vista II, LLC serves as the managing general partner and owns 0.0049% of SV II. SV II reports on a December 31 calendar year and issues separately audited financial statements. Information as of and for the year ended December 31, 2021 have been reported in the accompanying basic financial statements.

Reports for discrete component units may be obtained at the Authority's office.

The following entities are considered joint ventures of the Corporation and are not required to be presented within our financial statements:

DFA Cottage Village Associates LP (CVA)

CVA was formed in December 2015 as a limited partnership under the laws of the State of California for the purpose of acquiring, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential senior rental housing project. CVA consists of 48 units located in Manteca, California. During 2020, CVA completed construction. CVA is operating under the name of Cottage Village Senior Apartments. DCDC Cottage Village, LLC serves as the co-administrative partner and owns 0.001% of CFA. CFA reports on a December 31 calendar year and issues separately audited financial statements.

DFA Medici Associates LP (MA)

MA was formed in March 2017 as a limited partnership under the laws of the State of California for the purpose of acquiring, constructing, developing, owning, improving, leasing, maintaining, operating, financing, mortgaging, and encumbering a residential rental housing project. MA consists of 34 units located in Stockton, California. During 2020 MA completed construction. MA is operating under the name of Medici Artist Lofts. DCDC Medici Artists Lofts, LLC serves as the co-administrative partner and owns 0.001% of MA. MA reports on a December 31 calendar year and issues separately audited financial statements.

NOTE 02 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Accrual Basis of Accounting

The financial statements are presented using the accrual basis of accounting with an economic resources measurement focus. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. As permitted by accounting principles generally accepted in the United States of America (GAAP), the Corporation has elected to apply all relevant Government Accounting Standards Board (GASB) pronouncements.

The Corporation distinguishes operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from grant agreements, providing services, and producing and delivering goods in connection with the ongoing principal operations. The principal operating revenues of the Corporation include program specific grants, rental income from tenants of the various housing projects. Operating expenses include the cost of services, administrative expenses, and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Estimates

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

Cash and Equivalents

The Corporation defines cash to include certificates of deposit, money market funds, savings accounts, demand deposits, and other short-term securities; consequently, the cost, carrying value, and market value are equivalent.

Restricted Cash

Restricted cash, if any, consists of cash and investments that are held in trust, reserves, and escrows, as well as other cash and investments that are restricted for specific purposes.

Accounts Receivable from Tenants

For the Corporation managed projects, an allowance for doubtful accounts is established based upon the likelihood of recovery.

For the Corporation, an allowance for doubtful accounts is established based upon the likelihood of recovery. As of December 31, 2021 the allowance for tenant receivables was $4,679.

Accounts Receivable from HUD and Other Governments

The amounts reported as accounts receivable from HUD or due from other governments represent reimbursable costs or grant subsidies earned that have not been received as of year-end; these amounts are considered fully collectible.

Capital Assets

Capital assets purchased or acquired with an original cost of $5,000 or more are reported at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Depreciation of exhaustible capital assets is charged as an expense against operations utilizing the straight-line method. Accumulated depreciation is reported on the Statement of Net Position. The estimated useful lives for each major class of depreciable fixed assets are as follows:

Buildings and improvements	10-40 years
Furniture, fixtures, and equipment	3-5 years

Impairment of Capital Assets

The Authority reviews its capital assets for impairment whenever events or changes in circumstances indicate that there has been a decline in service utility that is large in magnitude and outside of the normal life cycle of the capital asset being evaluated. As of December 31, 2021, there has been no impairment of the capital assets.

Tenant Security Deposits

Security deposits consist of amounts held in trust by us in order for tenants to secure apartment leases.

Leasing Activities

We are the lessor of dwelling units to eligible residents. The rents under the leases are determined generally by the residents' income as adjusted for eligible deductions regulated by HUD, although the residents may opt for a flat rent. Leases may be cancelled at any time or renewed annually. The Corporation may cancel the leases only for a cause. Revenues associated with these leases are recorded in the accompanying financial statements and related schedules within dwelling rent revenue.

Revenues

All of the Corporation's revenues are accrued. These revenues consist of user charges for rents, utilities, repairs, and other miscellaneous charges. Monies received from customers for security deposits are recorded as a liability upon receipt. Subsidies and grants, which finance current operations, are reported as operating revenues. Subsidies and grants, which finance capital operations, gain/loss on sale of fixed assets, and interest income/expense, are reported as non-operating revenues.

Revenues for government-mandated and voluntary exchange transactions, are recorded when all applicable eligibility requirements, including time requirements, are met. Resources received before all eligibility requirements are met are reported as deferred inflows of resources or unearned revenues.

In accordance with GASB standards, for the fiscal year ended December 31, 2021, dwelling income and other rental related fees of $970,981 has been netted with collection losses of $6,305.

Expenditures

Expenditures are recognized when the liability is incurred. Inventory costs are reported in the period when inventory items are used, rather than in the years purchased.

Income Taxes

The Corporation is exempt from federal income tax under Internal Revenue Code Section 501 (c)(3) and by California Revenue and Taxation Code Section 23701d. Contributions from donors qualify for income tax deductions.

We have evaluated tax positions and the certainty as to whether those positions will be sustained in the event of an audit by taxing authorities at the federal and state levels. The primary tax positions evaluated are related to the Corporation's continued qualification as a tax-exempt organization and whether there are unrelated business income activities conducted that would be taxable. Management has determined that all income tax positions are more likely than not (>50%) of being sustained upon potential audit and/or examination; therefore, no disclosures of uncertain income tax positions are required.

We file informational returns in the U.S. federal jurisdiction, as well as the State of California.

Net Position

In the statement of net position, equity is classified as net position and displayed in three components: (1) Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by the outstanding balance of any notes or other borrowings attributable to those capital assets. (2) Restricted net position consists of assets with constraints placed on the use either by external groups, such as grantors or laws and regulations of other governments, or law through constitutional provisions or enabling legislation. (3) Unrestricted net position – All other assets that do not meet the definition of "restricted" or "net investment in capital assets".

When both restricted and unrestricted net positions are available for use, generally it is our policy to use restricted resources first.

Fair Value Measurements

Generally accepted accounting principles establishes a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. This hierarchy consists of three broad levels: Level 1 inputs consist of quoted prices (unadjusted) for identical assets and liabilities in active markets that a government can access at the measurement date, Level 2 inputs consist of inputs other than quoted prices that are observable for an asset or liability, either directly or indirectly, and Level 3 inputs that have the lowest priority and consist of unobservable inputs for an asset or liability. The Corporation has no assets or liabilities measured at fair value.

Subsequent Events

We have evaluated subsequent events through May 24, 2022, the date the consolidated financial statements were available to be issued.

NOTE 03 - RESTRICTED CASH AND EQUIVALENTS

As of December 31, 2021, our restricted cash and equivalents were comprised of the following:

Tenant security deposits	$ 75,018
Restricted cash with offsetting liabilities	**75,018**
None	-
Restricted cash reflected in restricted net position	-
Total restricted cash and equivalents	**$ 75,018**

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable was comprised of the following as of December 31, 2021:

Tenant receivables	$ 16,539
Allowance for doubtful accounts - tenants	(4,679)
Net tenant receivables	11,860
Reimburseable construction costs	1,446,046
Other predevelopment costs	322,257
Receivables, net of allowances	**$ 1,780,163**

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NOTE 05 - CAPITAL ASSETS

A summary of the activity of our capital assets for the year ended December 31, 2021 is as follows:

	12/31/20	Additions	Deletions	12/31/21
Non-Depreciable				
Land	$ 2,987,858	$ -	$ -	$ 2,987,858
Construction in process	[1]4,186,222	6,923,776	(11,109,998)	-
	7,174,080	6,923,776	(11,109,998)	2,987,858
Depreciable				
Buildings	9,045,956	11,109,998	-	20,155,954
Furniture & equipment	253,650	33,984		287,634
	9,299,606	11,143,982	-	20,443,588
Total acquisition costs	16,473,686	18,067,758	(11,109,998)	23,431,446
Accumulated depreciation	[1](3,251,393)	(629,100)		(3,880,493)
Capital assets, net	**$ 13,222,293**	**$ 17,438,658**	**$ (11,109,998)**	**$ 19,550,953**

[1] Beginning assets were restated from the FY20 ending balances as a result of a correction in reporting DCDC Cottage Village blended into the Corporation. This change resulted in a decrease in the following beginning balance: $1,827,918 of buildings, and $156,663 of accumulated depreciation.

NOTE 06 - LONG-TERM LIABILITIES

Changes in long-term liabilities of the Corporation for the year ended December 31, 2021 are summarized below:

	12/31/20	Additions	Reductions	12/31/21	Current Portion
Notes from direct borrowings	**$ 5,832,237**	**$ 1,403,000**	**$ (1,730,977)**	**$ 5,504,260**	**$ 179,197**
Accrued interest payable	**$ -**	**$ 233,004**	**$ (192,248)**	**$ 40,795**	**$ 40,795**

Direct borrowings were comprised of the following as of December 31, 2021:

	Principal	Interest Payable
In March 1995, we entered into a note agreement with San Joaquin County Neighborhood Preservation. The face amount of the note was $252,528 and matures March 2025. The note carries an interest rate of 1.00% and calls for monthly payments of $812.23. The note is secured by the Mourfield property.	$ 31,281	$ 25
In December 2021, we entered into a note agreement with Farmers & Merchants Bank. The face amount of the note was $1,200,000 and matures December 2046. The note carries an interest rate of 3.38% and calls for monthly payments of $5,930.53. The note is secured by property located at Crossway.	1,196,517	6,562
In November 2020, we refinanced a note with Farmers & Merchants Bank. The face amount of the note was $142,089 and matures April 2031. The note carries an interest rate of 3.00% and calls for monthly payments of $1,325.87. The note is secured by property located at Park Street.	129,381	325
In November 2020, we refinanced a note with Farmers & Merchants Bank. The face amount of the note was $203,303 and matures April 2039. The note carries an interest rate of 3.00% and calls for monthly payments of $1,198.01. The note is secured by property located at 508 South Central Ave.	194,506	488
In July 2020, we entered into a note agreement with Dignity Health. The face amount of the note was $3,850,000 and matures July 2023, at which time all unpaid principal and interest are due. The note carries an interest rate of 3.5% and calls for quarterly payments of $52,197.57. The note is secured by the Creekside South Apartments.	3,755,816	32,863
In January 2021, we entered into a note agreement with the Farmers and Merchants Bank. The face amount of the note was $203,000 and matures January 2041. The note carries an interest rate of 3.00% and calls for monthly payments of $1,108.91. The note is secured by property located at Washington Street.	196,759	532
Total	**$ 5,504,260**	**$ 40,795**

Aggregate maturities of debt are due in future years as follows for the years ended December 31:

	Principal	Interest
2022	$ 147,134	$ 186,162
2023	3,748,260	149,711
2024	72,875	51,633
2025	67,839	49,487
2026	67,401	47,359
2027-2031	359,362	201,503
2032-2036	348,631	145,615
2037-2041	368,652	85,251
2042-2046	324,106	28,865
	$ 5,504,260	**$ 945,586**

NOTE 07 - NET POSITION

Net investment in capital assets was comprised of the following as of yearend:

Net capital assets	$ 19,550,953
Less: Capital debt obligations	(5,504,260)
Net investment in capital assets	**$ 14,046,693**

Restricted net position was comprised of the following as of yearend:

Restricted cash and equivalents	$ 75,018
Less: Tenant security deposit, contra	(75,018)
Restricted net position	**$ -**

NOTE 08 - PRIOR YEAR RESTATEMENTS

Adjustments to beginning net position were deemed necessary by Management. These restatements resulted from a change in the treatment in the collectability of interest receivable on notes receivable.

Ending net position as previously reported year ended 2020	$ 14,673,596
Prior period adjustment - change in accounting policy:	
Remove allowance for interest deemed collectible	1,023,628
Equity transfer out:	
DFA Cottage Village Associates LP - Building	(1,671,270)
Total adjustments	(647,642)
Net Position as Restated as of Year Ended 2020	**$ 14,025,954**

NOTE 09 - BUSINESS RISK AND CONCENTRATIONS

Risk Management

We are exposed to various risk of losses related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Claims liabilities are reported when it is probable that a loss has occurred, and the amount of that loss can be reasonably estimated. There were no claims more than commercial coverage during the previous three years. These losses include an estimate of claims that have been incurred but not reported. At December 31, 2021, there were no liabilities to be reported.

Business Disruption

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The COVID-19 outbreak in the United States has caused business disruption through mandated and voluntary closings of businesses and shelter in place orders for all but those deemed essential services. While the business disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the orders. The Corporation has adapted its methods for providing services in order to continue operations and serve its community and constituents. Management is carefully monitoring the situation and evaluating its options during this time. It is possible that this matter may negatively impact the Corporation, however, the ultimate financial impact and duration cannot be estimated at this time, and no adjustments have been made to these financial statements as a result of this uncertainty.

Financial Instruments and Credit Risk

The Corporation maintains cash balances at one financial institution. The Federal Deposit Insurance Corporation insures up to $250,000 per depositor, per insured bank, for each account ownership category.

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Our policy is to manage this exposure to declines in fair values by limiting the weighted average maturity of its investments portfolio.

As of December 31, 2021, our risk of changes in interest rates is minimal since the investments primarily consist of state sponsored investment pool funds which have stated interest rates.

Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. It is our policy to follow the HUD regulations by only having direct investments and investments through mutual funds to direct obligations, guaranteed obligations, or obligations of the agencies of the Unites States of America.

As of December 31, 2021, we mitigated exposure to credit risk by only investing in fully insured state investment pool funds.

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, our deposits may not be returned. Our policy for custodial credit risk requires collateral to be held in our name by its agent or by the bank's trust department.

As of December 31, 2021, none of our total bank balances were exposed to custodial credit risk.

NOTE 10 - COMMITMENTS AND CONTINGENCIES

Government Examination

We have indirectly received funds from Federal grant programs passed through the Authority. It is possible that at some future date, it may be determined that we were not in compliance with applicable grant requirements. The amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined now, although we do not expect such disallowed amounts, if any, to materially affect the financial statements.

Construction Contracts

During the normal course of business, the Corporation is engaged in various construction contracts for development properties.

NOTE 11 - RELATED PARTY TRANSACTIONS

Management Fees

The Corporation has no employees and as such, utilizes the resources of the Authority. Annually a budgeted amount is approved by management to pay for the cost of resources used by the Corporation.

For the year ended December 31, 2021 the Corporation was charged management fees of $664,683.

Due to Related Parties

As of December 31, 2021, the Corporation owes the Authority $23,233 for unpaid management fees and other expenses paid on the Corporation's behalf. These payables bear no interest and is payable from available cash flow.

Due from Related Parties

As of December 31, 2021, the Corporation is owed by the Authority $15,329 in developer fees and costs. This receivable bears no interest.

NOTE 12 - CONDENSED COMBINING FINANCIAL STATEMENTS

Condensed combining financial statements are presented for the following entities for the fiscal year ends below:

Abbrev.	Name	Fiscal Period	Year
DCDC	Delta Community Developers Corporation	31-Dec	2021
CENTER	DCDC Center Street LLC	31-Dec	2021
CREEKSIDE	DCDC Creekside LLC	31-Dec	2021
HOUSING	DCDC Housing First LLC	31-Dec	2021
SONORA	DCDC Sonora Square LLC	31-Dec	2021
STAND	DCDC Stand LLC	31-Dec	2021
VICTORY	DCDC Victory Gardens LLC	31-Dec	2021
COTTAGE	DCDC Cottage Village LLC	31-Dec	2021
SVI	Stockton Sierra Vista I LP	31-Dec	2021
SVII	Stockton Sierra Vista II LP	31-Dec	2021

Assets and Deferred Outflows of Resources	DCDC	CENTER	CREEKSIDE	HOUSING	SONORA
Due from related parties	$ 9,367	$ 5,962	$ -	$ -	$ -
Cash and equivalents	3,676,066	40,404	133,477	-	133,688
Other current assets	1,805,640	-	7,858	6,437	1,100
Net capital assets	9,068,158	-	3,541,290	351,737	971,606
Other assets	861,177	-	-	-	-
Total assets	15,420,408	46,366	3,682,625	358,174	1,106,394
Deferred outflows of resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 15,420,408**	**$ 46,366**	**$ 3,682,625**	**$ 358,174**	**$ 1,106,394**

Liabilities, Deferred Inflows of Resources, and Net Position	**DCDC**	**CENTER**	**CREEKSIDE**	**HOUSING**	**SONORA**
Due to related parties	$ 15,205	$ -	$ 384	$ 4,710	$ -
Other current liabilities	1,248,058	-	202,357	-	2,730
Non-current liabilities	1,679,668	-	3,677,458	-	-
Total liabilities	2,942,931	-	3,880,199	4,710	2,730
Deferred inflows of resources	-	-	-	-	-
Net investment in capital assets	7,319,714	-	(214,526)	351,737	971,606
Restricted	-	-	-	-	-
Unrestricted	5,157,763	46,366	16,952	1,727	132,058
Total net position	12,477,477	46,366	(197,574)	353,464	1,103,664
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 15,420,408**	**$ 46,366**	**$ 3,682,625**	**$ 358,174**	**$ 1,106,394**

Assets and Deferred Outflows of Resources	STAND	VICTORY	COTTAGE	Eliminations	Consolidated Corporation
Due from related parties	$ -	$ -	$ -	$ -	$ 15,329
Cash and equivalents	83,619	-	-	-	4,067,254
Other current assets	-	-	-	-	1,821,035
Net capital assets	4,618,162	-	1,000,000	-	19,550,953
Other assets	-	-	-	-	861,177
Total assets	4,701,781	-	1,000,000	-	26,315,748
Deferred outflows of resources	-	-	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 4,701,781**	**$ -**	**$ 1,000,000**	**$ -**	**$ 26,315,748**

Liabilities, Deferred Inflows of Resources, and Net Position	STAND	VICTORY	COTTAGE	Eliminations	Consolidated Corporation
Due to related parties	$ 96	$ 2,205	$ 633	$ -	$ 23,233
Other current liabilities	7,632	-	-	-	1,460,777
Non-current liabilities	-	-	-	-	5,357,126
Total liabilities	7,728	2,205	633	-	6,841,136
Deferred inflows of resources	-	-	-	-	-
Net investment in capital assets	4,618,162	-	1,000,000	-	14,046,693
Restricted	-	-	-	-	-
Unrestricted	75,891	(2,205)	(633)	-	5,427,919
Total net position	4,694,053	(2,205)	999,367	-	19,474,612
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 4,701,781**	**$ -**	**$ 1,000,000**	**$ -**	**$ 26,315,748**

	DCDC	CENTER	CREEKSIDE	HOUSING	SONORA
Operating revenues	$ 1,782,321	$ 3,686	$ 421,392	$ -	$ 53,800
Operating grants and subsidies	2,648,036	-	-	-	1,130,000
Depreciation expense	(335,315)	-	(178,794)	(3,067)	(43,579)
Housing assistance payments	-	-	-	-	-
Other operating expenses	(1,038,283)	(800)	(261,154)	(2,472)	(18,854)
Operating income (loss)	**3,056,759**	**2,886**	**(18,556)**	**(5,539)**	**1,121,367**
Investment income	430,456	8	7	66	-
Interest expense	(38,303)	270	(165,979)	-	(18,087)
Other non-routine revenues (expenses)	-	-	-	-	-
Income (loss) before contributions and other items	**3,448,912**	**3,164**	**(184,528)**	**(5,473)**	**1,103,280**
Special items	-	-	-	-	-
Net operating transfers in (out)	1,130,000	-	-	-	-
Capital contributions	-	-	-	-	-
Change in net position	**$ 4,578,912**	**$ 3,164**	**$ (184,528)**	**$ (5,473)**	**$ 1,103,280**
Net position, beginning	$ 11,612,849	$ 43,202	$ (13,046)	$ 358,937	$ 384
Change in net position	4,578,912	3,164	(184,528)	(5,473)	1,103,280
Prior-period adjustments	1,023,628	-	-	-	-
Net equity transfers in (out)	(4,737,912)	-	-	-	-
Net position, end of year	**$ 12,477,477**	**$ 46,366**	**$ (197,574)**	**$ 353,464**	**$ 1,103,664**

	STAND	VICTORY	COTTAGE	Eliminations	Consolidated Corporation
Operating revenues	$ 56,616	$ -	$ -	$ -	$ 2,317,815
Operating grants and subsidies	-	-	-	-	3,778,036
Depreciation expense	(68,345)	-	-	-	(629,100)
Housing assistance payments	-	-	-	-	-
Other operating expenses	(32,134)	(2,205)	(633)	-	(1,356,535)
Operating income (loss)	**(43,863)**	**(2,205)**	**(633)**	**-**	**4,110,216**
Investment income	4	-	-	-	430,541
Interest expense	-	-	-	-	(222,099)
Other non-routine revenues (expenses)	-	-	-	-	-
Income (loss) before contributions and other items	**(43,859)**	**(2,205)**	**(633)**	**-**	**4,318,658**
Special items	-	-	-	-	-
Net operating transfers in (out)	-	-	-	-	1,130,000
Capital contributions	-	-	-	-	-
Change in net position	**$ (43,859)**	**$ (2,205)**	**$ (633)**	**$ -**	**$ 5,448,658**
Net position, beginning	$ -	$ -	$ 2,671,270	$ -	$ 14,673,596
Change in net position	(43,859)	(2,205)	(633)	-	5,448,658
Prior-period adjustments	-	-	-	-	1,023,628
Net equity transfers in (out)	4,737,912	-	(1,671,270)	-	(1,671,270)
Net position, end of year	**$ 4,694,053**	**$ (2,205)**	**$ 999,367**	**$ -**	**$ 19,474,612**

	DCDC	CENTER	CREEKSIDE	HOUSING	SONORA
Net cash provided (used) by:					
Operating activities	$ 5,824,956	$ (2,892)	$ (18,570)	$ (2,239,496)	$ 1,149,576
Capital and related financing activities	(5,164,230)	-	(42,811)	-	(1,130,000)
Non-capital financing activities	-	-	-	-	-
Investing activities	592,977	-	-	-	-
Net change in cash and equivalents	1,253,703	(2,892)	(61,381)	(2,239,496)	19,576
Cash at beginning of period	2,422,363	43,296	194,858	2,239,496	114,112
Cash at End of Period	**$ 3,676,066**	**$ 40,404**	**$ 133,477**	**$ -**	**$ 133,688**

	STAND	VICTORY	COTTAGE	Eliminations	Consolidated Corporation
Net cash provided (used) by:					
Operating activities	$ 83,619	$ -	$ -	$ -	$ 4,797,193
Capital and related financing activities	-	-	-	-	(6,337,041)
Non-capital financing activities	-	-	-	-	-
Investing activities	-	-	-	-	592,977
Net change in cash and equivalents	83,619	-	-	-	(946,871)
Cash at beginning of period	-	-	-	-	5,014,125
Cash at End of Period	**$ 83,619**	**$ -**	**$ -**	**$ -**	**$ 4,067,254**

Assets and Deferred Outflows of Resources	SVI	SVII	Discretely Presented Component Units
Cash and equivalents	$ 1,534,611	$ 2,360,051	$ 3,894,662
Other current assets	96,233	122,850	219,083
Net capital assets	32,551,495	35,844,133	68,395,628
Other assets	167,539	184,306	351,845
Total assets	34,349,878	38,511,340	72,861,218
Deferred outflows of resources	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 34,349,878**	**$ 38,511,340**	**$ 72,861,218**

Liabilities, Deferred Inflows of Resources, and Net Position	SVI	SVII	Discretely Presented Component Units
Other current liabilities	$ 1,024,381	$ 178,623	$ 1,203,004
Non-current liabilities	14,308,092	15,841,452	30,149,544
Total liabilities	15,332,473	16,020,075	31,352,548
Deferred inflows of resources	-	-	-
Net investment in capital assets	18,243,403	20,002,681	38,246,084
Restricted	1,320,326	1,009,741	2,330,067
Unrestricted	(546,324)	1,478,843	932,519
Total net position	19,017,405	22,491,265	41,508,670
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 34,349,878**	**$ 38,511,340**	**$ 72,861,218**

	SVI	SVII	Discretely Presented Component Units
Operating revenues	$ 1,441,820	$ 1,610,437	$ 3,052,257
Operating grants and subsidies	140,839	-	140,839
Depreciation expense	(1,356,719)	-	(1,356,719)
Housing assistance payments	-	-	-
Other operating expenses	(718,183)	(604,927)	(1,323,110)
Operating income (loss)	**(492,243)**	**1,005,510**	**513,267**
Investment income	415	102	517
Interest expense	(669,099)	(2,576,186)	(3,245,285)
Other non-routine revenues (expenses)	-	-	-
Income (loss) before contributions and other items	**(1,160,927)**	**(1,570,574)**	**(2,731,501)**
Special items	-	-	-
Net operating transfers in (out)	-	-	-
Capital contributions	170,208	21,402,615	21,572,823
Change in net position	**$ (990,719)**	**$ 19,832,041**	**$ 18,841,322**
Net position, beginning	$ 20,008,124	$ 2,659,224	$ 22,667,348
Change in net position	(990,719)	19,832,041	18,841,322
Prior-period adjustments	-	-	-
Net equity transfers in (out)	-	-	-
Net position, end of year	**$ 19,017,405**	**$ 22,491,265**	**$ 41,508,670**