DELTA COMMUNITY DEVELOPERS CORPORATION

Financial Statements and Independent Auditors' Report

Year Ended December 31, 2022

Delta Community Developers Corp., by:

8/3/23

Melinda Hazard
Director of Finance

Date

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The following table lists the Board Members as of December 31, 2022:

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.

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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, 2022, 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, 2022, 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;
- Stockton Sierra Vista II, LP; and
- Victory Gardens, 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.



June 9, 2023
Redlands, CA

DELTA COMMUNITY DEVELOPERS CORPORATION

Statement of Net Position
December 31, 2022

Assets and Deferred Outflows of Resources	**CONSOLIDATED CORPORATION**	**DISCRETE COMPONENTS**
Operating cash	$ 23,945,242	$ 1,024,083
Restricted cash	72,834	3,360,705
Total cash and equivalents	24,018,076	4,384,788
Net accounts receivable	1,132,528	129,517
Prepaid expenses and other current assets	44,072	161,248
Total current assets	25,194,676	4,675,553
Capital assets, at cost		
Land	5,078,239	10,262,777
Construction-in-progress	503,354	-
Buildings and improvements	30,012,751	68,506,275
Equipment and furnishings	296,283	10,003,519
Total acquisition costs	35,890,627	88,772,571
Less: Accumulated depreciation	(4,904,072)	(7,924,909)
Net capital assets	30,986,555	80,847,662
Leases receivable	147,124	-
Long-term accrued interest receivable	1,200,613	-
Other long-term assets	-	493,451
Net leased assets	-	6,377,145
Total non-current assets	32,334,292	87,718,258
Total assets	57,528,968	92,393,811
Total Assets and Deferred Outflows of Resources	**$ 57,528,968**	**$ 92,393,811**

See accompanying notes.

DELTA COMMUNITY DEVELOPERS CORPORATION

Statement of Net Position
December 31, 2022

Liabilities, Deferred Inflows of Resources, and Net Position	**CONSOLIDATED CORPORATION**	**DISCRETE COMPONENTS**
Accounts payable	$ 164,131	$ 122,824
Unearned revenues	19,377,041	413,199
Deposits held in trust, contra	72,834	164,408
Other current liabilities	87,774	96,861
Accrued interest payable	-	1,458,860
Debt, current portion	146,993	-
Total current liabilities	19,848,773	2,256,152
Debt, net of current	5,210,430	46,310,553
Other long-term liabilities	-	2,701,538
Total non-current liabilities	5,210,430	49,012,091
Total liabilities	25,059,203	51,268,243
Other deferred inflows	145,822	-
Total deferred inflows of resources	145,822	-
Net investment in capital assets	25,629,132	40,914,254
Restricted net position	-	3,193,297
Unrestricted net position	6,694,811	(2,981,983)
Total net position	32,323,943	41,125,568
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 57,528,968**	**$ 92,393,811**

See accompanying notes.

DELTA COMMUNITY DEVELOPERS CORPORATION

Statement of Revenues, Expenses, and Changes in Net Position
Year Ended December 31, 2022

	CONSOLIDATED CORPORATION	DISCRETE COMPONENTS
Tenant rental revenue, net of collection losses	$ 1,163,673	$ 3,102,810
Operating grants and subsidies	11,000,000	139,750
Other revenue	1,548,584	82,314
Total operating revenues	13,712,257	3,324,874
Administrative	309,810	486,371
Tenant services	-	25,738
Utilities	162,955	422,940
Ordinary maintenance and operations	288,503	582,079
Protective services	10,836	749
Insurance premiums	44,554	145,228
Other general expenses	192,058	333,739
Depreciation	1,085,318	2,915,746
Total operating expenses	2,094,034	4,912,590
Operating income (loss)	11,618,223	(1,587,716)
Investment income	431,866	3,759
Gains (losses) on disposition of assets	(204,435)	-
Interest expense	(146,036)	(1,468,426)
Total non-operating revenues (expenses)	81,395	(1,464,667)
Income (loss) before contributions and other items	11,699,618	(3,052,383)
Net intercompany transfers	1,149,713	-
Capital contributions	-	2,669,281
Change in Net Position	**$ 12,849,331**	**$ (383,102)**
Net position, beginning of year	$ 19,474,612	$ 41,508,670
Change in net position	12,849,331	(383,102)
Net Position, End of Year	**$ 32,323,943**	**$ 41,125,568**

See accompanying notes.

DELTA COMMUNITY DEVELOPERS CORPORATION

Statement of Cash Flows
Year Ended December 31, 2022

Cash receipts from tenants	$ 1,023,390
Cash receipts from grants	30,316,113
Cash payments to suppliers for goods and services	(1,842,421)
Cash payments for wages and benefits	90,480
Other cash payments and receipts	3,337,757
Net cash from operating activities	32,925,319
Acquisition and construction of capital assets	(13,079,181)
Proceeds from disposition of capital assets	353,826
Payments of interest	(186,831)
Principal payments on debt	(146,837)
Net cash from capital and related financing activities	(13,059,023)
Receipts of interest on cash deposits	9,097
Receipts of interest on notes receivable	83,333
Net cash from investing activities	92,430
Net change in cash and equivalents	19,958,726
Cash at beginning of period	4,059,350
Cash at End of Period	**$ 24,018,076**
Reconciliation of cash to the statement of net position:	
Cash and equivalents - operating	$ 23,945,242
Restricted cash and equivalents	72,834
Total Cash and Equivalents	**$ 24,018,076**

See accompanying notes.

Reconciliation of operating income (loss) to net cash from operating activities:	
Operating income (loss)	$ 11,618,223
Adjustments to reconcile operating income (loss) to net cash from operating activities:	
Depreciation	1,085,318
Bad debt	14,939
Pension and other post-employment benefits	145,822
Lease and subscription amortizations	(147,124)
Intercompany timing differences	1,149,713
Changes in operating assets and liabilities:	
Accounts receivable	632,696
Prepaid expenses and other assets	(3,200)
Accounts payable	(885,847)
Deposits held in trust, contra	(2,184)
Unearned revenues	19,316,963
Net Cash from Operating Activities	**$ 32,925,319**

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, DCDC Cottage Village, and DCDC Calveras Quarters LLC.

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, 2022 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, 2022 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, 2022 have been reported in the accompanying basic financial statements.

Victory Gardens, LP (VG)

VG 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. VG consists of 49 units located in Stockton, California. During 2022 VG completed construction. VG is operating under the name of Victory Gardens. DCDC Victory Gardens, LLC serves as the managing general partner and owns 0.005% of VG. VG reports on a December 31 calendar year and issues separately audited financial statements. Information as of and for the year ended December 31, 2022 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, 2022 the allowance for tenant receivables was $16,691.

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, 2022, 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, 2022, dwelling income and other rental related fees of $1,178,612 has been netted with collection losses of $14,939.

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.

Implementation of New Accounting Principles

The Corporation adopted the provisions of GASB Statement No. 87, Leases. The objective of this statement is to better meet the information needs of financial statement users by establishing uniform accounting and financial reporting requirements for leases, improving the comparability of financial statements among governments that have entered into leases, and enhancing the understandability, reliability, relevance, and consistency of information about leases.

Subsequent Events

We have evaluated subsequent events through June 9, 2023, the date the consolidated financial statements were available to be issued.

NOTE 03 - RESTRICTED CASH AND EQUIVALENTS

As of December 31, 2022, our restricted cash and equivalents were comprised of the following:

Tenant security deposits	$	72,834
Restricted cash with offsetting liabilities		**72,834**
Total Restricted Cash and Equivalents	**$**	**72,834**

NOTE 04 - ACCOUNTS RECEIVABLE

Accounts receivable was comprised of the following as of December 31, 2022:

Tenant receivables	$	20,376
Allowance for doubtful accounts - tenants		(16,691)
Net tenant receivables		3,685
Reimbursable costs		1,128,843
Net other receivables		1,128,843
Net Accounts Receivable	**$**	**1,132,528**

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NOTE 05 - CAPITAL ASSETS

A summary of the activity of our capital assets for the year ended December 31, 2022 is as follows:

	12/31/21	Additions	Deletions	12/31/22
Non-Depreciable				
Land	$ 2,987,858	$ 2,160,784	$ (70,403)	$ 5,078,239
Construction in process	-	503,354	-	503,354
	2,987,858	2,664,138	(70,403)	5,581,593
Depreciable				
Buildings and improvements	20,155,954	10,728,368	(871,571)	30,012,751
Equipment and furnishings	287,634	8,649	-	296,283
	20,443,588	10,737,017	(871,571)	30,309,034
Total acquisition costs	23,431,446	13,401,155	(941,974)	35,890,627
Accumulated depreciation	(3,880,493)	(1,085,318)	61,739	(4,904,072)
Net Capital Assets	**$ 19,550,953**	**$ 12,315,837**	**$ (880,235)**	**$ 30,986,555**

NOTE 06 - LONG-TERM LIABILITIES

Changes in long-term liabilities of the Corporation for the year ended December 31, 2022 are summarized below:

	12/31/21	Additions	Reductions	12/31/22
Direct borrowings	$ 5,357,126	$ -	$ (146,696)	$ 5,210,430

Direct borrowings were comprised of the following as of December 31, 2022:

	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.	$ 21,804	-
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.	1,165,495	-
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.	117,236	-
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.	185,928	-
In May 2023, we refinanced a note agreement with Dignity Health. The face amount of the note was $3,850,000 and matures May 2033, 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 $49,079.14. The note is secured by the Creekside South Apartments.	3,677,626	-
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 $1,108.91. The note is secured by property located at Washington Street.	189,334	-
Total	**$ 5,357,423**	**$ -**

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

	Principal	Interest	Total
2023	$ 146,993	$ 181,204	$ 328,197
2024	144,028	176,796	320,824
2025	141,515	172,127	313,642
2026	143,690	167,386	311,076
2027	148,589	162,487	311,076
2028-2032	794,053	732,484	1,526,537
2033-2037	3,223,622	183,964	3,407,586
2038-2042	352,902	73,317	426,219
2043-2047	262,031	18,754	280,785
Total	**$ 5,357,423**	**$ 1,868,519**	**$ 7,225,942**

NOTE 07 - NET POSITION

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

Land	$ 5,078,239
Construction in progress	503,354
Buildings and improvements	30,012,751
Euipment and furnishings	296,283
Less:	
Accumulated depreciation	(4,904,072)
Short term capital debt obligations	(146,993)
Long term capital debt obligations	(5,210,430)
Net Investment in Capital Assets	**$ 25,629,132**

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

Restricted cash and equivalents	$ 72,834
Less:	
Tenant security deposit, contra	(72,834)
Restricted Net Position	**$ -**

NOTE 08 - 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, 2022, there were no liabilities to be reported.

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, 2022, 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, 2022, 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, 2022, none of our total bank balances were exposed to custodial credit risk.

NOTE 09 - 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.

Lessor

The Corporation, as a lessor, has several office leases to various entities for office space. These leases expire on various dates through 2027. The total amount of inflows of resources, including lease revenue, interest revenue, and other lease related inflows, recognized during the fiscal year-end was $46,296.

NOTE 10 - 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, 2022 the Corporation was charged management fees of $650,287.

NOTE 11 - CONDENSED COMBINING FINANCIAL STATEMENTS

Combining Schedules – Blended Components

	Delta Community Developers Corporation	DCDC Center Street LLC	DCDC Creekside LLC	DCDC Housing First LLC
Cash and equivalents	$ 4,806,145	$ 46,369	$ 129,644	$ 125,801
Intercompany receivables	-	-	-	-
Other current assets	1,164,012	-	9,811	2,525
Total current assets	5,970,157	46,369	139,455	128,326
Net capital assets	10,086,405	-	3,362,497	4,732,507
Other non-current assets	1,347,737	-	-	-
Total assets	17,404,299	46,369	3,501,952	4,860,833
Deferred outflows of resources	-	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 17,404,299**	**$ 46,369**	**$ 3,501,952**	**$ 4,860,833**
Intercompany payables	$ -	$ -	$ -	$ -
Other current liabilities	378,182	-	166,010	3,280
Total current liabilities	378,182	-	166,010	3,280
Total non-current liabilities	1,607,678	-	3,602,752	-
Total liabilities	1,985,860	-	3,768,762	3,280
Deferred inflows of resources	145,822	-	-	-
Net investment in capital assets	8,406,608	-	(315,129)	4,732,507
Restricted	-	-	-	-
Unrestricted	6,866,009	46,369	48,319	125,046
Total net position	15,272,617	46,369	(266,810)	4,857,553
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 17,404,299**	**$ 46,369**	**$ 3,501,952**	**$ 4,860,833**

	DCDC Sonora Square LLC	DCDC Stand LLC	DCDC Victory Gardens LLC
Cash and equivalents	$ 116,968	$ -	$ (2,205)
Intercompany receivables	-	-	-
Other current assets	-	-	-
Total current assets	116,968	-	(2,205)
Net capital assets	397,000	-	-
Other non-current assets	-	-	-
Total assets	513,968	-	(2,205)
Deferred outflows of resources	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 513,968**	**$ -**	**$ (2,205)**
Intercompany payables	$ -	$ -	$ -
Other current liabilities	1,591	-	-
Total current liabilities	1,591	-	-
Total non-current liabilities	-	-	-
Total liabilities	1,591	-	-
Deferred inflows of resources	-	-	-
Net investment in capital assets	397,000	-	-
Restricted	-	-	-
Unrestricted	115,377	-	(2,205)
Total net position	512,377	-	(2,205)
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 513,968**	**$ -**	**$ (2,205)**

	DCDC Cottage Village LLC	DCDC Calveras Quarters LLC	TOTAL
Cash and equivalents	$ (633)	$ 18,795,987	$ 24,018,076
Intercompany receivables	-	-	-
Other current assets	-	252	1,176,600
Total current assets	(633)	18,796,239	25,194,676
Net capital assets	1,000,000	11,408,146	30,986,555
Other non-current assets	-	-	1,347,737
Total assets	999,367	30,204,385	57,528,968
Deferred outflows of resources	-	-	-
Total Assets and Deferred Outflows of Resources	**$ 999,367**	**$ 30,204,385**	**$ 57,528,968**
Intercompany payables	$ -	$ -	$ -
Other current liabilities	-	19,299,710	19,848,773
Total current liabilities	-	19,299,710	19,848,773
Total non-current liabilities	-	-	5,210,430
Total liabilities	-	19,299,710	25,059,203
Deferred inflows of resources	-	-	145,822
Net investment in capital assets	1,000,000	11,408,146	25,629,132
Restricted	-	-	-
Unrestricted	(633)	(503,471)	6,694,811
Total net position	999,367	10,904,675	32,323,943
Total Liabilities, Deferred Inflows of Resources, and Net Position	**$ 999,367**	**$ 30,204,385**	**$ 57,528,968**

	Delta Community Developers Corporation	DCDC Center Street LLC	DCDC Creekside LLC	DCDC Housing First LLC
Operating revenues	$ 2,122,877	$ -	$ 447,426	$ 135,304
Operating expenses	1,216,947	-	417,875	325,078
Operating income (loss)	905,930	-	29,551	(189,774)
Non-operating revenues (expenses)	737,385	3	(97,731)	2
Income (loss) before contributions and other items	1,643,315	3	(68,180)	(189,772)
Contributions, transfers, and other items	1,151,825	-	(1,056)	(192)
Change in Net Position	**$ 2,795,140**	**$ 3**	**$ (69,236)**	**$ (189,964)**
Net position, beginning of year	$ 12,477,477	$ 46,366	$ (197,574)	$ 353,464
Change in net position	2,795,140	3	(69,236)	(189,964)
Prior-period restatements	-	-	-	-
Equity transfers	-	-	-	4,694,053
Net Position, End of Year	**$ 15,272,617**	**$ 46,369**	**$ (266,810)**	**$ 4,857,553**

	DCDC Sonora Square LLC	DCDC Stand LLC	DCDC Victory Gardens LLC
Operating revenues	$ 6,650	$ -	$ -
Operating expenses	38,809	-	-
Operating income (loss)	(32,159)	-	-
Non-operating revenues (expenses)	(558,264)	-	-
Income (loss) before contributions and other items	(590,423)	-	-
Contributions, transfers, and other items	(864)	-	-
Change in Net Position	**$ (591,287)**	**$ -**	**$ -**
Net position, beginning of year	$ 1,103,664	$ 4,694,053	$ (2,205)
Change in net position	(591,287)	-	-
Prior-period restatements	-	-	-
Equity transfers	-	(4,694,053)	-
Net Position, End of Year	**$ 512,377**	**$ -**	**$ (2,205)**

	DCDC Cottage Village LLC	DCDC Calveras Quarters LLC	TOTAL
Operating revenues	$ -	$ 11,000,000	$ 13,712,257
Operating expenses	-	95,325	2,094,034
Operating income (loss)	-	10,904,675	11,618,223
Non-operating revenues (expenses)	-	-	81,395
Income (loss) before contributions and other items	-	10,904,675	11,699,618
Contributions, transfers, and other items	-	-	1,149,713
Change in Net Position	**$ -**	**$ 10,904,675**	**$ 12,849,331**
Net position, beginning of year	$ 999,367	$ -	$ 19,474,612
Change in net position	-	10,904,675	12,849,331
Prior-period restatements	-	-	-
Equity transfers	-	-	-
Net Position, End of Year	**$ 999,367**	**$ 10,904,675**	**$ 32,323,943**

	Delta Community Developers Corporation	DCDC Center Street LLC	DCDC Creekside LLC	DCDC Housing First LLC
Net cash from operating activities	$ 2,397,924	$ -	$ 205,336	$ 42,276
Net cash from capital and related financing activities	(1,346,878)	-	(208,791)	-
Net cash from non-capital financing activities	-	-	-	-
Net cash from investing activities	92,419	3	6	2
Net change in cash	1,143,465	3	(3,449)	42,278
Cash at beginning of period	3,662,680	46,366	133,093	83,523
Cash at End of Period	**$ 4,806,145**	**$ 46,369**	**$ 129,644**	**$ 125,801**

	DCDC Sonora Square LLC	DCDC Stand LLC	DCDC Victory Gardens LLC
Net cash from operating activities	$ (16,720)	$ -	$ (2,205)
Net cash from capital and related financing activities	-	-	-
Net cash from non-capital financing activities	-	-	-
Net cash from investing activities	-	-	-
Net change in cash	(16,720)	-	(2,205)
Cash at beginning of period	133,688	-	-
Cash at End of Period	**$ 116,968**	**$ -**	**$ (2,205)**

	DCDC Cottage Village LLC	DCDC Calveras Quarters LLC	TOTAL
Net cash from operating activities	$ (633)	$ 30,299,341	$ 32,925,319
Net cash from capital and related financing activities	-	(11,503,354)	(13,059,023)
Net cash from non-capital financing activities	-	-	-
Net cash from investing activities	-	-	92,430
Net change in cash	(633)	18,795,987	19,958,726
Cash at beginning of period	-	-	4,059,350
Cash at End of Period	**$ (633)**	**$ 18,795,987**	**$ 24,018,076**

Combining Schedules - Discrete Components

	Stockton Sierra Vista I LP	Stockton Sierra Vista II LP	Victory Gardens LP	TOTAL
Cash and equivalents	$ 2,232,426	$ 2,180,198	$ (27,836)	$ 4,384,788
Other current assets	103,988	83,063	103,714	290,765
Total current assets	2,336,414	2,263,261	75,878	4,675,553
Net capital assets	28,503,734	31,234,138	21,109,790	80,847,662
Other non-current assets	2,779,364	3,233,001	858,231	6,870,596
Total Assets	**$ 33,619,512**	**$ 36,730,400**	**$ 22,043,899**	**$ 92,393,811**
Current liabilities	1,230,503	419,311	606,338	2,256,152
Non-current liabilities	13,641,548	15,273,692	20,096,851	49,012,091
Total liabilities	14,872,051	15,693,003	20,703,189	51,268,243
Net investment in capital assets	-	19,022,668	4,404,477	23,427,145
Restricted	-	1,135,282	-	1,135,282
Unrestricted	18,747,461	879,447	(3,063,767)	16,563,141
Total net position	18,747,461	21,037,397	1,340,710	41,125,568
Total Liabilities and Net Position	**$ 33,619,512**	**$ 36,730,400**	**$ 22,043,899**	**$ 92,393,811**

	Stockton Sierra Vista I LP	Stockton Sierra Vista II LP	Victory Gardens LP	TOTAL
Operating revenues	$ 1,697,284	$ 1,627,590	$ -	$ 3,324,874
Operating expenses	2,349,159	2,382,514	180,917	4,912,590
Operating income (loss)	(651,875)	(754,924)	(180,917)	(1,587,716)
Non-operating revenues (expenses)	(663,849)	(698,944)	(101,874)	(1,464,667)
Income (loss) before contributions and other items	(1,315,724)	(1,453,868)	(282,791)	(3,052,383)
Contributions, transfers, and other items	1,045,780	-	1,623,501	2,669,281
Change in Net Position	**$ (269,944)**	**$ (1,453,868)**	**$ 1,340,710**	**$ (383,102)**
Net position, beginning of year	$ 19,017,405	$ 22,491,265	$ -	$ 41,508,670
Change in net position	(269,944)	(1,453,868)	1,340,710	(383,102)
Prior-period restatements	-	-	-	-
Equity transfers	-	-	-	-
Net Position, End of Year	**$ 18,747,461**	**$ 21,037,397**	**$ 1,340,710**	**$ 41,125,568**