DELTA COMMUNITY DEVELOPERS CORPORATION

FINANCIAL STATEMENTS AND
SUPPLEMENTARY INFORMATION

DECEMBER 31, 2024

WITH
REPORT OF INDEPENDENT AUDITORS

DELTA COMMUNITY DEVELOPERS CORPORATION
TABLE OF CONTENTS
DECEMBER 31, 2024

Contents	Page
Report of Independent Auditors	1-3
Financial Statements:	
Statement of Net Position	4-5
Statement of Revenues, Expenses and Changes in Net Position	6
Statement of Cash Flows	7-8
Discretely Presented Component Units:	
Combining Statement of Net Position	9-10
Combining Statement of Revenues, Expenses and Changes in Net Position	11
Notes to Financial Statements	12-32
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*	33-34
Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	35-37
Supplementary Information:	
Schedule of Expenditures of Federal Awards	38
Notes to Schedule of Expenditures of Federal Awards	39
Schedule of Findings and Questioned Costs	40-41

REPORT OF INDEPENDENT AUDITORS

To the Board of Commissioners
Delta Community Developers Corporation:

Opinions

We have audited the accompanying financial statements of the business-type activities (primary government) and the aggregate discretely presented component units of Delta Community Developers Corporation (the "Corporation") as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, as listed in the accompanying table of contents.

In our opinion, based on our audit and the reports of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the the primary government and the aggregate discretely presented component units of the Corporation, as of December 31, 2024, and the respective changes in financial position, and, where applicable, cash flows thereof 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 Stockton Sierra Vista I, LP, Stockton Sierra Vista II, LP, Victory Gardens, LP, and Sonora Square Apartments, LP (the "discretely presented component units"), which represent 100% of the assets, net position, and revenues as of December 31, 2024. Those statements, which were prepared in accordance with the accounting standards issued by the Financial Accounting Standards Board, were audited by other auditors whose reports have been furnished to us. We have applied audit procedures on the conversion adjustments to the financial statements to present them in accordance with accounting standards issued by the Governmental Accounting Standards Board. Our opinion, insofar as it relates to the amounts included for the aforementioned entities, prior to these conversion adjustments, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. The financial statements of the discretely presented component units were not audited in accordance with *Government Auditing Standards*, with exception to Victory Gardens, LP and Sonora Square Apartments, LP. Our responsibilities under those standards are further described in the Auditors' 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 opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. 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 and *Government Auditing Standards* 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 and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- 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.
- 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.
- 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.
- 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.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Corporation's basic financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200*, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purpose of additional analysis and is not a required part of the basic financial statements.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 22, 2025 on our consideration of the Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Corporation's internal control over financial reporting and compliance.



September 22, 2025
Toms River, New Jersey

FINANCIAL STATEMENTS

DELTA COMMUNITY DEVELOPERS CORPORATION
STATEMENT OF NET POSITION
AS OF DECEMBER 31, 2024

ASSETS

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Current assets:			
Cash and cash equivalents	$ 9,761,529	$ 5,432,014	$ 15,193,543
Tenant security deposits	82,752	265,950	348,702
Accounts receivable, net	3,350,742	143,113	3,493,855
Leases receivable, current portion	30,982	-	30,982
Prepaid expenses	37,486	34,992	72,478
Accrued interest receivable	12,042	-	12,042
Total current assets	13,275,533	5,876,069	19,151,602
Non-current assets:			
Restricted cash	-	3,180,719	3,180,719
Capital assets, net	50,206,800	95,705,584	145,912,384
Leases receivable, net of current portion	48,280	-	48,280
Other assets	-	331,543	331,543
Total non-current assets	50,255,080	99,217,846	149,472,926
Total assets	$ 63,530,613	$ 105,093,915	$ 168,624,528

See accompanying notes to financial statements.

DELTA COMMUNITY DEVELOPERS CORPORATION
STATEMENT OF NET POSITION (continued)
AS OF DECEMBER 31, 2024

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
LIABILITIES			
Current liabilities:			
Accounts payable	$ 498,136	$ 218	$ 498,354
Accounts payable - other government	734,741	-	734,741
Accrued expenses	9,011	10,564	19,575
Accrued compensated absences, current	3,779	1,052	4,831
Tenant security deposits	82,752	259,361	342,113
Accrued interest payable	-	380,027	380,027
Current portion of notes payable	149,126	-	149,126
Unearned revenue	1,440,481	35,480	1,475,961
Other current liabilities	235,672	444,132	679,804
Total current liabilities	3,153,698	1,130,834	4,284,532
Non-current liabilities:			
Accrued compensated absences, net of current portion	7,440	167,183	174,623
Long-term portion of notes payable	5,539,512	46,343,877	51,883,389
Total non-current liabilities	5,546,952	46,511,060	52,058,012
Total liabilities	8,700,650	47,641,894	56,342,544
DEFERRED INFLOWS OF RESOURCES			
GASB 87 - property leases	75,204	-	75,204
Total deferred inflows of resources	75,204	-	75,204
NET POSITION			
Net position:			
Net investment in capital assets	44,518,162	49,361,707	93,879,869
Restricted	-	3,180,719	3,180,719
Unrestricted	10,236,597	4,909,595	15,146,192
Total net position	54,754,759	57,452,021	112,206,780
Total liabilities, deferred inflows, and net position	$ 63,530,613	$ 105,093,915	$ 168,624,528

See accompanying notes to financial statements.

DELTA COMMUNITY DEVELOPERS CORPORATION
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Operating revenues:			
Tenant revenue	$ 1,806,763	$ 4,887,466	$ 6,694,229
Other government grants	12,372,429	-	12,372,429
Other revenues	2,434,126	68,517	2,502,643
Total operating revenues	16,613,318	4,955,983	21,569,301
Operating expenses:			
Administrative	1,262,025	1,058,242	2,320,267
Shared admin services	1,108,067	-	1,108,067
Tenant services	-	58,509	58,509
Utilities	262,724	657,691	920,415
Ordinary repairs and maintenance	720,280	846,603	1,566,883
Protective services	13,763	34,697	48,460
Insurance	115,869	236,995	352,864
General	622,546	174,777	797,323
Housing assistance payments	9,828	11,544	21,372
Depreciation	1,539,122	4,661,202	6,200,324
Total operating expenses	5,654,224	7,740,260	13,394,484
Operating income (loss)	10,959,094	(2,784,277)	8,174,817
Non-operating revenues (expenses):			
Investment income	652,704	160,685	813,389
Interest expense	(248,187)	(1,996,327)	(2,244,514)
Gain on sale of fixed assets	413,856	-	413,856
Net non-operating revenues (expenses)	818,373	(1,835,642)	(1,017,269)
Income (loss) before special items	11,777,467	(4,619,919)	7,157,548
Special items	-	9,507,870	9,507,870
Change in net position	11,777,467	4,887,951	16,665,418
Net position, beginning of year	42,977,292	52,564,070	95,541,362
Net position, end of year	$ 54,754,759	$ 57,452,021	$ 112,206,780

See accompanying notes to financial statements.

DELTA COMMUNITY DEVELOPERS CORPORATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government
Cash Flows from Operating Activities:	
Cash received from tenants and other	$ 4,178,090
Cash received from grantors	2,492,391
Cash paid to suppliers and vendors	(3,867,515)
Cash paid to employees	(1,262,025)
Net cash provided by operating activities	1,540,941
Cash Flows from Capital and Related Financing Activities:	
Purchase of capital assets	(12,741,115)
Proceeds from the sale of fixed assets	589,857
Principal payments on long term debt	(199,392)
Interest paid on long term debt	(248,187)
Proceeds from issuance of long-term debt	622,500
Net cash used in capital and related financing activities	(11,976,337)
Cash Flows from Investing Activities:	
Interest received on investments	652,704
Net cash provided by investing activities	652,704
Net decrease in cash, cash equivalents, and restricted cash	(9,782,692)
Cash, cash equivalents and restricted cash, beginning of year	19,626,973
Cash, cash equivalents and restricted cash, end of year	$ 9,844,281
Reconciliation of cash, cash equivalents and restricted cash to the Statement of Net Position is as follows:	
Cash and cash equivalents	$ 9,761,529
Tenant security deposits	82,752
Cash, cash equivalents and restricted cash	$ 9,844,281

See accompanying notes to financial statements.

DELTA COMMUNITY DEVELOPERS CORPORATION
STATEMENT OF CASH FLOWS (continued)
FOR THE YEAR ENDED DECEMBER 31, 2024

	Primary Government
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	$ 10,959,094
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation	1,539,122
Bad debts	575,904
Changes in assets, liabilities, and deferred inflows of resources	
Accounts receivable, net	(608,477)
Prepaid expenses	104,242
Lease receivable, net	34,778
Accounts payable	44,782
Tenant security deposits	4,927
Unearned revenue	(10,614,779)
Other current liabilities	(470,939)
Deferred inflows of resources	(35,153)
Other non-current liabilities	7,440
Net cash provided by operating activities	$ 1,540,941

See accompanying notes to financial statements.

DELTA COMMUNITY DEVELOPERS CORPORATION
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2024

ASSETS

	SSVI	SSVII	VG	SQ	Total
Current assets:					
Cash and cash equivalents	$ 600,841	$ 1,348,055	$ 3,397,316	$ 85,802	$ 5,432,014
Tenant security deposits	99,301	83,699	19,400	63,550	265,950
Accounts receivable, net	87,372	23,822	9,049	22,870	143,113
Prepaid expenses	7,625	4,964	18,407	3,996	34,992
Total current assets	795,139	1,460,540	3,444,172	176,218	5,876,069
Non-current assets:					
Restricted cash	739,686	742,008	330,985	1,368,040	3,180,719
Capital assets, net	28,513,265	31,456,244	20,102,021	15,634,054	95,705,584
Other assets	84,487	92,276	102,353	52,427	331,543
Total non-current assets	29,337,438	32,290,528	20,535,359	17,054,521	99,217,846
Total assets	$ 30,132,577	$ 33,751,068	$ 23,979,531	$ 17,230,739	$ 105,093,915

DELTA COMMUNITY DEVELOPERS CORPORATION
COMBINING STATEMENT OF NET POSITION (continued)
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2024

LIABILITIES

	SSVI	SSVII	VG	SQ	Total
Current liabilities:					
Accounts payable	$ -	$ 103	$ 55	$ 60	$ 218
Accrued expenses	5,761	4,803	-	-	10,564
Tenant security deposits	97,801	82,199	19,400	59,961	259,361
Unearned revenue	16,347	10,696	4,959	3,478	35,480
Accrued compensated absences, current	-	-	1,052	-	1,052
Accrued interest payable	-	-	253,818	126,209	380,027
Other current liabilities	59,352	63,262	98,414	223,104	444,132
Total current liabilities	179,261	161,063	377,698	412,812	1,130,834
Non-current liabilities:					
Note payable, non-current	13,364,660	14,097,789	9,905,533	8,975,895	46,343,877
Other non-current liabilities	-	-	11,183	156,000	167,183
Total non-current liabilities	13,364,660	14,097,789	9,916,716	9,131,895	46,511,060
Total liabilities	13,543,921	14,258,852	10,294,414	9,544,707	47,641,894

NET POSITION

Net position:					
Net investment in capital assets	15,148,605	17,358,455	10,196,488	6,658,159	49,361,707
Restricted	739,686	742,008	330,985	1,368,040	3,180,719
Unrestricted	700,365	1,391,753	3,157,644	(340,167)	4,909,595
Total net position	16,588,656	19,492,216	13,685,117	7,686,032	57,452,021
Total liabilities and net position	$ 30,132,577	$ 33,751,068	$ 23,979,531	$ 17,230,739	$ 105,093,915

DELTA COMMUNITY DEVELOPERS CORPORATION
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
DECEMBER 31, 2024

	SSVI	SSVII	VG	SQ	Total
Operating revenues:					
Tenant revenue	$ 2,037,251	$ 1,848,215	$ 598,480	$ 403,520	$ 4,887,466
Other revenues	2,521	3,260	-	62,736	68,517
Total operating revenues	2,039,772	1,851,475	598,480	466,256	4,955,983
Operating expenses:					
Administrative	261,611	225,375	319,448	251,808	1,058,242
Tenant services	29,829	27,415	1,265	-	58,509
Utilities	256,022	242,915	118,041	40,713	657,691
Ordinary repairs and maintenance	316,563	274,218	148,342	107,480	846,603
Protective services	14,535	11,551	4,411	4,200	34,697
Insurance	87,304	75,033	48,239	26,419	236,995
General expenses	81,461	54,040	27,259	12,017	174,777
Housing assistance payments	-	11,544	-	-	11,544
Depreciation	1,378,060	1,516,005	916,745	850,392	4,661,202
Total operating expenses	2,425,385	2,438,096	1,583,750	1,293,029	7,740,260
Operating (loss)	(385,613)	(586,621)	(985,270)	(826,773)	(2,784,277)
Non-operating revenues (expenses):					
Investment income	21,293	32,219	89,367	17,806	160,685
Interest expense	(682,825)	(626,559)	(222,798)	(464,145)	(1,996,327)
Net non-operating expenses	(661,532)	(594,340)	(133,431)	(446,339)	(1,835,642)
Loss before special items	(1,047,145)	(1,180,961)	(1,118,701)	(1,273,112)	(4,619,919)
Special items - contributions	-	-	548,726	8,959,144	9,507,870
Change in net position	(1,047,145)	(1,180,961)	(569,975)	7,686,032	4,887,951
Net position, beginning of year	17,635,801	20,673,177	14,255,092	-	52,564,070
Total net position, end of year	$ 16,588,656	$ 19,492,216	$ 13,685,117	$ 7,686,032	$ 57,452,021

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization

The Housing Authority of the County of San Joaquin the ("Authority") is a governmental, public corporation incorporated on March 9, 1942, under the California State Health and Safety Code, Section 34200. The Authority was established to provide clean, decent, safe, sanitary, and affordable housing to low-income families. The Authority is governed by a seven-member Board of Commissioners which is appointed by the County of San Joaquin (the "County") Board of Supervisors. The Board of Commissioners are selected to serve for either two-year or four-year terms.

Delta Community Developers Corporation (the "Corporation") 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. The Corporation is wholly controlled by the Authority. The Corporation shares the same Board of Commissioners (the "Board") as the Authority, is fiscally dependent on the Authority, and has a financial benefit/burden relationship with the Authority, therefore the Corporation is considered a blended component unit of the Authority.

B. Basis of Accounting / Financial Statements Presentation

The Corporation is considered a governmental entity for the purpose of applying accounting and financial reporting standards and as such, the Governmental Accounting Standards Board ("GASB") has jurisdiction over the Corporation's accounting standards.

The Corporation's financial statements are prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP"). The GASB is responsible for establishing GAAP for state and local governments through its pronouncements (Statements and Interpretations).

All transactions are accounted for using the economic resources measurement focus and the accrual basis of accounting. Revenues, expenses, gains, and losses from assets and liabilities resulting from exchange and exchange-like transactions are recognized when the exchange takes place.

In accordance with GASB 61, *The Financial Reporting Entity Omnibus - An Amendment of GASB Statement No. 14 and No. 34* ("GASB 61"), the Organization's basic financial statements include those of the Organization and any component units. Under the provisions of paragraph 65 of GASB No. 14, *The Financial Reporting Entity*, the Corporation is considered a governmental component unit of the Authority and the nucleus for this reporting entity and as such applies the provisions of GASB 14 as if it were the primary government.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity

In determining how to define the reporting entity, management has considered all potential component units. Component units are legally separate organizations for which the Board of Commissioners are financially accountable or other organizations whose nature and significant relationship with the Corporation are such that exclusion would cause the Corporation's financial statements to be misleading or incomplete. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and (i) either the Corporation's ability to impose its will on the organization or (ii) there is potential for the organization to provide a financial benefit to or impose a burden on the Corporation regardless of the organization of the governing board of the component unit.

The financial reporting entity includes blended and discretely presented component units. The blended component units are, although legally separate entities, in substance part of the Corporation's operations and so data from these units are combined with data of the primary government and reflected in the "Primary Government" column on the financial statements. The discretely presented component units are reported in a separate column to emphasize that they are legally separate from the primary government. For financial reporting purposes, the Corporation's reporting entity includes all financial activities that are controlled or dependent upon the actions taken by the Corporation's Board of Commissioners

Based upon the application of these criteria, this report includes the following component units:

Blended Component Units

DCDC Center Street, LLC (Center Street) - The Corporation is the sole member of Center Street, a 501(c)(3) not-for-profit corporation. Center Street's purpose 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.

DCDC Creekside, LLC (Creekside) - The Corporation is the sole member of Creekside, a 501(c)(3) not-for-profit corporation. Creekside's purpose 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.

DCDC Sonora Square, LLC (Sonora Square) - The Corporation is the sole member of Sonora Square, a 501(c)(3) not-for-profit corporation. Sonora Square's purpose 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.

DCDC Stand, LLC (Stand) - The Corporation is the sole member of Stand, a 501(c)(3) not-for-profit corporation. Stand's purpose 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

DCDC Victory Gardens, LLC (Victory Gardens) - The Corporation is the sole member of Victory Gardens, a 501(c)(3) not-for-profit corporation. Victory Garden's purpose 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.

DCDC Sierra Vista I, LLC (Sierra Vista I) - The Corporation is the sole member of Sierra Vista I, a 501(c)(3) not-for-profit corporation. Sierra Vista I's purpose 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.

DCDC Sierra Vista II, LLC (Sierra Vista II) - The Corporation is the sole member of Sierra Vista II, a 501(c)(3) not-for-profit corporation. Sierra Vista II's purpose 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.

DCDC Medici Artist Lofts, LLC (Medici Artist Lofts) - The Corporation is the sole member of Medici Artist Lofts, a 501(c)(3) not-for-profit corporation. Medici Artist Loft's purpose 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.

DCDC Park Center, LLC (Park Center) - The Corporation is the sole member of Park Center, a 501(c)(3) not-for-profit corporation. Park Center's purpose 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.

DCDC Cottage Village, LLC (Cottage Village) - The Corporation is the sole member of Cottage Village, a 501(c)(3) not-for-profit corporation. Cottage Village's purpose 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.

DCDC Calveras Quarters, LLC (Calveras Quarters) - The Corporation is the sole member of Calveras Quarters, a 501(c)(3) not-for-profit corporation. Calveras Quarter's purpose 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Reporting Entity (continued)

Discretely Presented Component Units

Stockton Sierra Vista I, LP ("SVI") - 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. SVI consists of 19 buildings comprised of 115 units located in Stockton, California. During 2019, SVI 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 SVI.

Stockton Sierra Vista II, LP ("SVII") - SVII 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 (the "SVII Project"). The SVII Project consists of 100 units located in Stockton, California. Construction was substantially completed during 2020 and the SVII Project began operating under the name of Sierra Vista II Apartments. The partnership agreement was amended and restated on April 10, 2019 from which date the Partnership consists of an administrative general partner, Stockton Sierra Vista II, LLC, which owns 0.0051%, a managing general partner, DCDC Sierra Vista II, LLC, which owns 0.0049%, and one investor limited partner, U.S. Bancorp Community Development Corporation ("USBCDC"), which owns 99.99%. All profits, losses and credits, except those gains and losses referred to in Section 7.2 of the partnership agreement, shall be allocated to the partners in accordance with their percentage interests.

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, 2023 have been reported in the accompanying basic financial statements.

Sonora Square Apartments, LP ("SQ") - SQ was formed as a limited partnership under the laws of the State of California on June 17, 2021 to develop, construct, own and operate a 38-unit low-income housing tax credit project. This project is known as Sonora Square Apartments and is located in Stockton, California. The Managing General Partner of the Partnership is DCDC Sonora Square, LLC (the "Managing General Partner"). The Administrative General Partner of the Partnership is Community Revitalization and Development Corporation (the "Administrative General Partner"). The Limited Partners of the Partnership are Enterprise Housing Partners XXXVIII Limited Partnership, a Maryland limited partnership and Enterprise Housing Partners CalGreen VIII Fund, L.P. (the "Limited Partners"). Profits and losses are allocated in accordance with the Third Amended and Restated Agreement of Limited Partnership (the "Partnership Agreement"), dated April 26, 2022. Profits and losses in any one year shall be allocated 99.99% to the Limited Partners, 0.006% to the Managing General Partner, and 0.004% to the Administrative General Partner.

Reports for component units, which report on a December 31, 2024 year end may be obtained at the Housing Authority of the County of San Joaquin, 2575 Grand Canal Blvd STE 220, Stockton, CA, 95207.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Description of Programs

The Corporation maintains its accounting records by program. A summary of the significant programs operated by the Corporation is as follows:

Community Housing Development Block Grants/Entitlement Grants ("CDBG")
The purpose of the CDBG grants is to develop viable urban communities by providing decent housing, a suitable living environment, and expanding economic opportunities, principally for persons of low and moderate income.

E. Use of Management Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect certain reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates include the allowance for doubtful accounts, accrued expenses and other liabilities, depreciable lives of properties and equipment, amortization of leasehold improvements and contingencies. Actual results could differ significantly from these estimates.

F. Cash and Cash Equivalents

HUD requires public housing authorities to invest excess funds in obligations of the United States, Certificates of Deposit or any other federally insured investment.

HUD also requires that deposits be fully collateralized at all times. Acceptable collateralization includes FDIC insurance and the market value of securities purchased and pledged to the political subdivision. Pursuant to HUD restrictions, obligations of the United States are allowed as security for deposits. Obligations furnished as security must be held by the Corporation or with an unaffiliated bank or trust company for the account of the Corporation.

For the Statement of Cash Flows, cash and cash equivalents include all cash balances and highly liquid investments with a maturity of three months or less at time of purchase. It is the Corporation's policy to maintain collateralization in accordance with HUD requirements.

G. Accounts Receivable, Net

Rents are due from tenants on the first day of each month. As a result, tenants receivable balances primarily consist of rents past due and vacated units. An allowance for doubtful accounts is established to provide for accounts, which may not be collected in the future for any reason. Collection losses on accounts receivable are charged against the allowance for doubtful accounts.

H Allowance for Doubtful Accounts

Management evaluates the collectability of outstanding receivables on a regular basis and establishes an allowance for doubtful accounts based on its assessment of outstanding accounts.

I. Prepaid Expenses

Prepaid expenses represent amounts paid as of year-end that will benefit future operations.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Lease Receivable

Lease receivables are recognized at the net present value of the leased assets at a borrowing rate either explicitly described in the lease agreement or implicitly determined by the Corporation.

K. Capital Assets, Net

Capital assets are stated at cost. Expenditures for repairs and maintenance are charged directly to expense as they are incurred. Expenditures determined to represent additions or betterments are capitalized. Upon the sale or retirement of capital assets, the cost and related accumulated depreciation are eliminated from the accounts and any related gain or loss is reflected in the Statement of Revenues, Expenses and Changes in Net Position. Depreciation is calculated using the straight-line method based on the estimated useful lives of the following asset groups:

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

The Corporation has established a capitalization threshold of $5,000.

L. Impairment of Long Lived Assets

The Corporation evaluates events or changes in circumstances affecting long-lived assets to determine whether an impairment of its assets has occurred. If the Corporation determines that a capital asset is impaired, and that the impairment is significant and other-than-temporary, then an impairment loss will be recorded in the Corporation's financial statements. During the year ended December 31, 2024, there were no impairment losses incurred.

M. Inter-Program Receivables and Payables

Inter-program receivables and payables are all classified as either current assets or current liabilities and are the result of the use of a concentrated account depository as the common paymaster for most of the programs of the Corporation. Cash settlements are made monthly. All inter-program balances are reconciled, and inter-program receivables and payables balances net to zero. In accordance with GASB 34, inter-program receivables and payables are eliminated for financial statement purposes.

N. Deferred Outflows / Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources until that time.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and so will not be recognized as an inflow of resources until that time.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Accounts Payable and Accrued Liabilities

The Corporation recognizes a liability for goods and services received but not paid for as of year-end. It also recognizes a liability for wages and fringe benefits related to services performed at year-end but not yet paid to employees or taxing authorities.

P. Unearned Revenue

The Corporation's unearned revenue primarily consists of the prepayment of rent by residents and the receipt of grant funding applicable to future periods prior to incurring the corresponding expense.

Q. Net Position Classifications

Net position is classified in three components:

Net investment in capital assets - Consists of resources including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction or improvement of those assets.

Restricted net position - Consists of resources with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.

Unrestricted net position - All other net position that do not meet the definition of "restricted" or "net investment in capital assets."

R. Use of Restricted Assets

When both restricted and unrestricted resources are available for a particular restricted use, it is the Corporation’s policy to use restricted resources first, and then unrestricted resources as needed.

S. Operating Revenues and Expenses

The Corporation defines its operating revenues as income derived from charges to residents and others for services provided as well as government subsidies and grants used for operating purposes. Operating expenses are costs incurred in the operation of its program activities to provide services to residents and others. The Corporation classifies all other revenues and expenses as non-operating.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

T. Regulated Leases

The Corporation is a lessor of residential dwelling units under regulated leases as defined by GASB 87 and as such recognizes rental revenue in accordance with the terms of the lease contract. The leases which are twelve months in length are regulated by HUD as to rent, unit size, household composition and tenant income. For the year ended December 31, 2024, rental revenue earned under the aforementioned leases for the primary government and the discretely presented component units totaled $1,806,763 and $4,887,466, respectively.

U. 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. The Corporation evaluated their 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. The Corporation files informational returns in the U.S. federal jurisdiction, as well as the State of California.

V. Risk Management

The Corporation is exposed to various risks related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs and there have been no significant reductions in insurance coverage. Claims expenditures and liabilities are reported when it is probable that a loss has occurred, the amount of the loss can be reasonably estimated, and said amount exceeds insurance coverage. Settlement amounts have not exceeded insurance coverage for the last three years.

NOTE 2. CASH AND CASH EQUIVALENTS AND RESTRICTED CASH

As of December 31, 2024, the Corporation had funds on deposit in checking, savings and money market accounts. The carrying amount of the primary government's cash and cash equivalents (including restricted cash) was $9,844,281, and the bank balances were $11,760,341.

Cash Category	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Unrestricted	$ 9,761,529	$ 5,432,014	$ 15,193,543
Tenant security deposits	82,752	265,950	348,702
Restricted	-	3,180,719	3,180,719
Total cash, cash equivalents, and restricted cash	$ 9,844,281	$ 8,878,683	$ 18,722,964

Of the primary government's bank balances, $896,840 was covered by federal depository insurance and the remaining $10,863,501 was collateralized with the pledging financial institution as of December 31, 2024. Custodial credit risk is the risk that, in the event of a bank failure, the government's deposits may not be returned to it. As of December 31, 2024, the Corporation's bank balances were not exposed to custodial credit risk.

NOTE 3. ACCOUNTS RECEIVABLE, NET

Accounts receivable, net consists of the following as of December 31, 2024:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Accounts receivable - tenants, net	$ 12,362	$ 100,629	$ 112,991
Accounts receivable - miscellaneous	3,338,380	42,484	3,380,864
Total accounts receivable, net	$ 3,350,742	$ 143,113	$ 3,493,855

Accounts Receivable - Tenants, Net
Tenant accounts receivable represents amounts owed to the Corporation by tenants for outstanding rent. The balance of the primary government and discretely presented component units is shown net of an allowance for doubtful accounts of $165,380 and $34,365, respectively.

Accounts Receivable - Miscellaneous
Accounts receivable - miscellaneous consists of amounts owed from managed properties and other miscellaneous sources from normal ongoing operations. Management estimates the amounts to be fully collectible and therefore no allowance for doubtful accounts has been established.

NOTE 4. CAPITAL ASSETS, NET

The following is a summary of the primary government's changes in capital assets for the year ended December 31, 2024:

Description	January 1, 2024	Additions	Dispositions	Transfers	December 31, 2024
Non-depreciable capital assets:					
Land	$ 5,197,525	$ 1,489,729	$ (176,000)	$ -	$ 6,511,254
Construction in progress	16,651,627	10,451,121	-	(9,140,000)	17,962,748
Total	21,849,152	11,940,850	(176,000)	(9,140,000)	24,474,002
Depreciable capital assets:					
Buildings	22,797,865	800,265	-	9,140,000	32,738,130
Furniture and equipment	320,861	-	(1)	-	320,860
Total	23,118,726	800,265	(1)	9,140,000	33,058,990
Less: accumulated depreciation	5,787,070	1,539,122	-	-	7,326,192
Net capital assets	$ 39,180,808	$ 11,201,993	$ (176,001)	$ -	$ 50,206,800

Depreciation expense for the primary government for the year ended December 31, 2024, amounted to $1,539,122.

The following is a summary of the discretely presented component unit's capital assets activity for the year ended December 31, 2024:

Description	January 1, 2024	Additions	Dispositions	Transfers	December 31, 2024
Non-depreciable capital assets:					
Land	$ 11,168,959	$ -	$ -	$ (2,039,447)	$ 9,129,512
Depreciable capital assets:					
Buildings	74,551,872	15,255,055	-	2,039,447	91,846,374
Furniture and equipment	10,037,177	1,390,077	-	-	11,427,254
Total	84,589,049	16,645,132	-	2,039,447	103,273,628
Less: accumulated depreciation	12,008,405	4,661,202	27,949	-	16,697,556
Net capital assets	$ 83,749,603	$ 11,983,930	$ (27,949)	$ -	$ 95,705,584

Depreciation expense for the discretely presented component units for the year ended December 31, 2024, amounted to $4,661,202.

NOTE 5. RESTRICTED DEPOSITS

Restricted deposits consist of the following as of December 31, 2024:

Cash Category	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Project reserves	$ -	$ 3,180,719	$ 3,180,719
Tenant security deposits	82,752	265,950	348,702
Total restricted deposits	$ 82,752	$ 3,446,669	$ 3,529,421

Project reserves are reserves that are required to be set aside for future project expenditures according to the respective regulatory agreement.

Tenant security deposits represent amounts held by the Corporation on behalf of tenants. Upon termination, the tenant is due amounts deposited plus interest earned less any amounts charged for damage to the unit.

NOTE 6. LEASE RECEIVABLE

On September 1, 2022, the Corporation entered into a lease agreement to lease property ("property lease 1") as a lessor. The term of the original property lease 1 was from September 1, 2022, terminating on August 31, 2023. The Corporation exercised the option to extend the lease for four (4) additional years, with a new termination date of August 31, 2027. As of December 31, 2024, the value of the lease receivable was $75,378. At commencement of property lease 1, base rent in the amount of $2,521 was due on the first of each month. The implicit interest rate on property lease 1 was 5%. The value of the deferred inflows of resources as of December 31, 2024 was $71,545. For the year ended December 31, 2024, the Corporation recognized lease revenue in the amount of $20,238 and interest income in the amount of $3,522.

On October 1, 2019, the Corporation entered into a lease agreement to lease property ("property lease 2") as a lessor. The term of the original property lease 2 was from October 1, 2019, terminating on May 31, 2021. The Corporation exercised the option to extend the lease for four (4) additional years, with a new termination date of May 31, 2025. As of December 31, 2024, the value of the lease receivable was $3,884. At commencement of property lease 2, base rent in the amount of $750 was due on the first of each month. The implicit interest rate on property lease 2 was 5%. The value of the deferred inflows of resources as of December 31, 2024 was $3,660. For the year ended December 31, 2024, the Corporation recognized lease revenue in the amount of $8,783 and interest income in the amount of $0.

NOTE 7. ACCOUNTS PAYABLE

As of December 31, 2024, accounts payable consisted of the following:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Accounts payable - vendors	$ 498,136	$ 218	$ 498,354
Accounts payable - Projects	734,741	-	734,741
Total accounts payable	$ 1,232,877	$ 218	$ 1,233,095

Accounts Payable - Vendors
Accounts payable - vendors represents the amounts payable to contractors and vendors for materials received or services rendered.

Accounts Payable - Projects
Accounts payable - projects represents the amounts payable to contractors related to the development of projects.

NOTE 8. PAYMENTS IN LIEU OF TAXES

In accordance with California State Law, property owned by a Housing Authority or it's instrumentality, is exempt from all taxes and special assessments of a municipality, but the entity may make an annual payment in lieu of taxes ("PILOT"), to assist with costs associated with services furnished by the municipality.

Under the Cooperation Agreement with the County, the PILOT is calculated by using the lesser of ten percent (10%) of the aggregate shelter rent charged by the Corporation or the amount permitted by State law. Included in general expenses on the Corporation's Statement of Revenues, Expenses and Changes in Net Position for the year ended December 31, 2024 is $18,329 of PILOT for the Primary Government.

NOTE 9. NOTES PAYABLE

Notes payable for the primary government consisted of the following as of December 31, 2024:

Description	Amount
In March 1995, the Corporation entered into a note agreement with San Joaquin County Neighborhood Preservation in the amount of $252,528, maturing March of 2025. The note carries an interest rate of 1.00% and calls for monthly payments of $812. The note is secured by the Mourfield property.	$ 2,570
In December 2021, the Corporation entered into a note agreement with Farmers & Merchants Bank in the amount of $1,200,000, maturing December of 2046. The note carries an interest rate of 3.38% and calls for monthly payments of $5,931. The note is secured by property located at Crossway.	1,100,278

NOTE 9. NOTES PAYABLE (continued)

Description	Amount
In November 2020, the Corporation refinanced a note with Farmers & Merchants Bank in the amount of $142,089, maturing April of 2031. The note carries an interest rate of 3.00% and calls for monthly payments of $1,326. The note is secured by property located at Park Street.	91,822
In November 2020, the Corporation refinanced a note with Farmers & Merchants Bank. in the amount of $203,303, maturing April of 2039. The note carries an interest rate of 3.00% and calls for monthly payments of $1,198. The note is secured by property located at 508 South Central Ave.	167,981
The Corporation entered into a note agreement with Dignity Health in the amount of $3,850,000, which was refinanced in 2023, with a maturity date of May 2033. The note carries an interest rate of 3.5% and calls for quarterly payments of $49,079. The note is secured by the Creekside South Apartments.	3,531,996
In January 2021, the Corporation entered into a note agreement with the Farmers and Merchants Bank in the amount of $203,000, maturing in January 2041. The note carries an interest rate of 3.00% and calls for monthly payments of $1,109. The note is secured by property located at Washington Street.	173,804
The Corporation entered into a loan with Oak Valley Community Bank on August 27, 2024 in the amount of $622,500. This loan bears interest at 6.5% per annum and calls for monthly payments of principal and interest of $3,973 beginning on September 27, 2024. The principal, together with accrued interest, are due and payable on August 27, 2044. The loan is secured by a deed of trust on the property.	620,187
Total notes payable	5,688,638
Less: current portion	149,126
Notes payable, excluding current portion	$ 5,539,512

NOTE 9. NOTES PAYABLE (continued

Annual debt service for principal and interest over the next five years and in five-year increments thereafter is as follows:

Year	Principal	Interest	Total
2025	$ 149,126	$ 212,205	$ 361,331
2026	151,804	206,953	358,757
2027	157,248	201,508	358,756
2028	162,897	195,859	358,756
2029	168,758	189,998	358,756
2030-2034	3,548,191	712,083	4,260,274
2035-2039	460,877	262,958	723,835
2040-2044	761,640	165,284	926,924
2045-2049	128,097	4,033	132,130
	$ 5,688,638	$ 2,150,881	$ 7,839,519

Debt activity for the primary government for the year ended December 31, 2024 consisted of the following:

Description	January 1, 2024	Advances	Principal Reductions	December 31, 2024
Notes payable	$ 5,265,530	$ 622,500	$ (199,392)	$ 5,688,638

Interest expense for the year then ended December 31, 2024 for the primary government totaled $248,187.

NOTE 9. NOTES PAYABLE (continued

Description	Amount
Stockton Sierra Vista I, LP - On November 14, 2017, the Partnership signed an $8,100,000 permanent loan commitment with Jones Lang LaSalle Multifamily, LLC ("JLL"). On August 28, 2020, the Partnership closed on the JLL permanent loan. The note bears interest rate of 5.30% per annum and matures the earlier of i) September 1, 2037 and ii) the date on which the unpaid principal balance becomes due and payable by acceleration or otherwise pursuant to the loan agreement.	$ 8,739,820
Stockton Sierra Vista I, LP - On November 14, 2017, the Partnership entered into a promissory note with the Authority in the amount of $2,400,000. The note is secured by the property, bears interest at 4% per annum, and is payable from 50% of cash flow in the priority set forth in the partnership agreement until maturity on November 17, 2072.	2,400,000
Stockton Sierra Vista I, LP - The Partnership entered into ground lease payable with the Authority in the amount of $2,767,000 at 4%, secured by a deed of trust on the property, payable from 50% of available cash flow, with a maturity date of November 17, 2072.	2,767,000
Stockton Sierra Vista II, LP - On April 10, 2019, the Partnership entered into a HOME loan agreement in the amount of $2,100,000 with the City of Stockton (the "City"). The HOME loan note is secured by the property, bears interest at 3% per annum and matures on April 10, 2074. For the year ended December 31, 2024, interest of $63,000 was incurred, and expensed.	2,100,000
Stockton Sierra Vista II, LP - On December 14, 2021, the Partnership closed on a permanent loan in the amount of $7,641,000 with JLL. The note is secured by the Project, bears interest of 4.97% per annum, and matures January 1, 2039. Beginning February 1, 2022, the note is payable in monthly installments of principal and interest in the amount of $38,417 until the maturity date at which time a balloon payment in the estimated amount of $5,646,315 will be due. During the year ended December 31, 2024, interest of $ $379,188was incurred and expensed.	7,191,020
Stockton Sierra Vista II, LP - The Partnership entered into ground lease payable with the Authority in the amount of $3,180,000 at 3.145%, secured by a deed of trust on the property, payable from available cash flow, with a maturity date of April 10, 2074.	1,264,609

NOTE 9. NOTES PAYABLE (continued)

Description	Amount
Stockton Sierra Vista II, LP - On April 10, 2019, the Partnership entered into a promissory notes secured by the Project with the Authority in the amount of $3,000,000. The loan bears interest at 4% per annum; and is payable from cash flow in the priority set forth in the Partnership Agreement until maturity on April 10, 2074.	3,000,000
Victory Gardens, LP - In September 2023 the Partnership entered into a loan of $6,802,600 payable to the Department of Housing Community Development ("HCD"), 3% simple interest payable annually for a term of 55 years. Annual payments in the amount of 42% per year for 30 years on the unpaid principal balance of the loan will be applied against the interest on the note. This note is secured by a deed of trust on the property. All principal is due September 2078. Accrued interest at December 31, 2023 totaled $51,020.	6,781,548
Victory Gardens, LP - In April 2021, the Partnership entered into a CDBG loan payable to the County of San Joaquin in the amount of $925,000 with interest accrued at 1% simple interest, secured by a second deed of trust on the property. The entire unpaid principal balance and all accrued interest is due and payable in full April 2079. Accrued interest amounted to $25,342 as of December 31, 2023.	925,000
Victory Gardens, LP - In April 2021, the Partnership entered into a non-interest bearing HOME loan payable to the County of San Joaquin in the amount of $1,100,000, secured by a third deed of trust on the property. The entire unpaid principal balance is due and payable in full April 1, 2079.	1,100,000
Victory Gardens, LP - The Partnership entered into a non-interest bearing CESH loan payable to the County of San Joaquin, secured by a fourth deed of trust on the property. The entire unpaid principal balance is due and payable in full November 2077.	408,985
Victory Gardens, LP - The Partnership entered into a non-interest bearing ground lease payable to the County of San Joaquin in the amount of $690,000, secured by a fifth deed of trust on the property with a maturity date of April 1, 2096.	690,000
Sonora Square, LP - In April 26, 2022 the Partnership entered into a construction loan payable to BMO (formerly Bank of the West) of $8,578,880, interest at Term SOFR plus the Applicable SOFR Spread, secured by a deed of trust on the Partnership's property. The entire unpaid principal balance and all accrued interest was paid off in July 12, 2024 when the Partnership closed on the permanent loan with the California Department of Housing and Community Development and used the $2,141,364 of proceeds and capital contributions to pay off the construction loan. 3% simple interest payable annually for a term of 55 years. Annual payments in the amount of .42% per year for 30 years on the unpaid principal balance of the loan will be applied against the interest on the note. The note is secured by a first deed of trust on the Partnership's property. All principal is and interest is due July 2079.	1,996,195

NOTE 9. NOTES PAYABLE (continued)

Description	Amount
Sonora Square, LP - In April 26, 2022 the Partnership entered into a non-interest bearing loan with the Authority in the amount of $4,202,393, secured by a second deed of trust on the Partnership's property. Payments of principal and interest made in accordance with Lender's Share of Residual Receipts as set forth in the Third Amended and Restated Agreement of Limited Partnership. All principal is due November 2078.	4,202,393
Sonora Square, LP - In June 29, 2023 the Partnership entered into a loan payable to the City of Stockton of $1,882,821, simple interest at a rate of 3% per annum, secured by a third deed of trust on the Partnership's property. Payments of principal and interest equal to 50% of the residual receipts as defined in the Loan Agreement from the preceding calendar year. All principal and accrued interest is due November 2078.	1,882,821
Sonora Square, LP - In April 26, 2022 the Partnership entered into a loan payable to Delta Community Developers Corp in the amount of $397,000, interest rate at 2.25% compounded annually, secured by a fourth deed of trust on the Partnership's property. Payments of principal and interest made in accordance with Lender's Share of Residual Receipts as set forth in the Third Amended and Restated Agreement of Limited Partnership. All principal and accrued interest is due November 2078. Accrued interest is $24,421 at December 31, 2024.	397,000
Sonora Square, LP - In June 2023, the Partnership entered into a non-interest bearing loan payable to the County Health Care Services Agency of $497,486, secured by a deed of trust on the Partnership's property. No payment of principal required. All principal is due November 2078.	497,486
Total notes payable	$ 46,343,877

December 31, 2025	$ -
2026	-
2027	-
2028	-
2029	-
Thereafter	46,343,877
Total notes payable	$ 46,343,877

Accrued interest payable as of December 31, 2024 and interest expense as of and for the year then ended for the discretely presented component units totaled $380,027 and $1,931,855, respectively.

For the year ended December 31, 2024, the effective interest rates approximated the stated interest rates.

NOTE 10. RESTRICTED NET POSITION

Restricted net position consists of the following as of December 31, 2024:

Description	Primary Government	Discretely Presented Component Units	Total Reporting Entity (Memorandum Only)
Replacement reserves	$ -	$ 353,472	$ 353,472
Project reserves	-	2,827,247	2,827,247
Total restricted net position	$ -	$ 3,180,719	$ 3,180,719

Replacement reserves represent funds held in reserve for future project expenditures in accordance with various regulatory agreements.

Project reserves are reserves in the discretely presented component unit that are required to be set aside for future project expenditures according to the respective regulatory agreement.

NOTE 11. COMMITMENTS AND CONTINGENCIES

The Corporation receives financial assistance from HUD in the form of grants and subsidies. Entitlement to the funds is generally conditional upon compliance with terms and conditions of the grant agreements and applicable regulations, including the expenditure of funds for eligible purposes. Substantially all grants, entitlements and cost reimbursements are subject to financial and compliance audits by HUD. As a result of these audits, costs previously reimbursed could be disallowed and require payments to HUD.

As of December 31, 2024, the Corporation estimates that no material liabilities will result from such audits.

NOTE 12. CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNITS

	Center Street	Creekside	Housing First	Calveras Quarters	Satellite	Sonora Square	Victory Gardens	Cottage Village	Park Center	Total
Assets:										
Current assets	$ 115,718	$ 93,355	$ 148,257	$ 3,109,504	$ 316,576	$ 103,038	$ (19,559)	$ -	$ 113,952	$ 3,980,841
Capital assets	-	3,004,909	4,257,723	28,505,748	2,150,000	397,000	-	1,000,000	1,409,253	40,724,633
Total assets	115,718	3,098,264	4,405,980	31,615,252	2,466,576	500,038	(19,559)	1,000,000	1,523,205	44,705,474
Liabilities:										
Current	50,084	178,129	25,178	2,439,756	42,987	-	500	-	36	2,736,670
Non-current	-	3,458,702	-	-	-	-	-	-	-	3,458,702
Total liabilities	50,084	3,636,831	25,178	2,439,756	42,987	-	500	-	36	6,195,372
Net Position:										
Net investment in capital assets	-	(527,087)	4,257,723	28,505,748	2,049,734	397,000	-	1,000,000	1,409,253	37,092,371
Unrestricted	65,634	(11,480)	123,079	669,748	273,589	103,038	(20,059)	-	113,916	1,317,465
Net position	$ 65,634	$ (538,567)	$ 4,380,802	$ 29,175,496	$ 2,323,323	$ 500,038	$ (20,059)	$ 1,000,000	$ 1,523,169	$ 38,409,836

NOTE 12. CONDENSED FINANCIAL INFORMATION FOR THE BLENDED COMPONENT UNITS (continued)

	Center Street	Creekside	Housing First	Calveras Quarters	Satellite	Sonora Square	Victory Gardens	Cottage Village	Park Center	Total
Operating revenue:										
Tenant revenue	$ 207,944	$ 471,407	$ 129,927	$ -	$ 430,576	$ -	$ -	$ -	$ -	$ 1,239,854
Government grants	-	-	-	10,622,280	196,095	-	-	-	-	10,818,375
Other revenues	-	-	2,742	87,499	235	-	-	818	-	91,294
Total operating revenues	207,944	471,407	132,669	10,709,779	626,906	-	-	818	-	12,149,523
Operating expenses:										
Administrative	40,657	119,893	20,227	-	56,252	5,291	3,179	-	2,015	247,514
Maintenance and utilities	87,655	209,166	149,425	-	230,413	185	4,406	185	8,226	689,661
Other	59,452	198,731	241,203	457,000	231,775	129	900	-	79,454	1,268,644
Total operating expenses	187,764	527,790	410,855	457,000	518,440	5,605	8,485	185	89,695	2,205,819
Other income (expense)										
Interest income	2	5	1	255,180	-	-	-	-	-	255,188
Interest expense	-	(182,375)	-	-	-	-	-	-	-	(182,375)
Net other income (expense)	2	(182,370)	1	255,180	-	-	-	-	-	72,813
Transfers in	-	-	-	-	64,859	-	-	-	-	64,859
Change in net position	$ 20,182	$ (238,753)	$ (278,185)	$10,507,959	$ 173,325	$ (5,605)	$ (8,485)	$ 633	$ (89,695)	$10,081,376

NOTE 13. SPECIAL ITEM - CONTRIBUTIONS

Pursuant to various Partnership Agreements, the Limited Partners of the discretely presented component units are required to provide capital contributions. During the year ended December 31, 2024, contributions were made to the discretely presented component units totaling $9,507,870.

NOTE 14. SUBSEQUENT EVENTS

Events that occur after the financial statement date but before the financial statements were available to be issued must be evaluated for recognition or disclosure. The effects of subsequent events that provide evidence about conditions that existed at the financial statement date are recognized in the accompanying financial statements. Subsequent events which provide evidence about conditions that existed after the financial statement date require disclosure in the accompanying notes to the financial statements. Management evaluated the activity of the Corporation through September 22, 2025 (the date the financial statements were available to be issued) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

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

To the Board of Commissioners
Delta Community Developers Corporation:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the business type activities (primary government) and the discretely presented component units of the Delta Community Developers Corporation (the "Corporation") as of, and for the year ended December 31, 2024 and the related notes to the financial statements, which collectively comprise the Corporation's basic financial statements, and have issued our report thereon dated September 22, 2025. Our report includes a reference to other auditors who audited the financial statements of the discretely presented component units, as described in our report on the financial statements of the Corporation. Those financial statements were not audited in accordance with *Government Auditing Standards*, with the exception of Victory Gardens, LP and Sonora Square Apartments, LP, and accordingly, this report does not include reporting on internal control over financial reporting or instances of reportable noncompliance associated with those entities.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Novogradac & Company LLP

September 22, 2025
Toms River, New Jersey

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

To the Board of Commissioners
Delta Community Developers Corporation:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the Delta Community Developers Corporation's (the "Corporation") compliance with the types of compliance requirements described in the Uniform Guidance that could have a direct and material effect on each of the Corporation's major federal programs for the year ended December 31, 2024. The Corporation's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Corporation complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Corporation and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Corporation's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Corporation's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Corporation's compliance based on our audit. 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 generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Corporation's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 Corporation's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Corporation's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion in expressed.

Purpose of this Report

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



September 22, 2025
Toms River, New Jersey

SUPPLEMENTARY INFORMATION

DELTA COMMUNITY DEVELOPERS CORPORATION
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

Federal Grantor/Program Title	AL Number	Grant Expenditures
U.S. Department of Housing and Urban Development - Pass Through Programs:		
City of Stockton, California		
Community Development Block Grants/Entitlement Grants	14.218	$ 1,300,000
Total Expenditures of Federal Awards		$ 1,300,000

See Notes to Schedule of Expenditures of Federal Awards.

DELTA COMMUNITY DEVELOPERS CORPORATION
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2024

NOTE 1. BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal grant activity of the Corporation under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of operations of the Corporation, it is not intended to and does not present the financial position, changes in net position or cash flows of the Corporation. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the financial statements.

NOTE 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

NOTE 3. INDIRECT COST RATE

The Corporation has elected not to use the ten percent de minimis indirect cost rate allowed under the Uniform Guidance.

DELTA COMMUNITY DEVELOPERS CORPORATION
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2024

I. Summary of Auditors' Results

Financial Statement Section

1.	Type of auditors' report issued:		Unmodified
2.	Internal control over financial reporting		
	a.	Material weakness(es) identified?	No
	b.	Significant deficiency(ies) identified?	None Reported
3.	Noncompliance material to the financial statements?		No

Federal Awards Section

1.	Internal control over compliance:		
	a.	Material weakness(es) identified?	No
	b.	Significant deficiency(ies) identified?	None reported
2.	Type of auditors' report on compliance for major programs:		Unmodified
3.	Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		No
4.	Identification of major programs:		

AL Number	Name of Federal Program
14.218	Community Development Block Grants/Entitlement Grants

5.	Dollar threshold used to distinguish between Type A and Type B Programs:	$750,000
6.	Auditee qualified as low-risk Auditee?	No

II. Financial Statement Findings

There were no findings relating to the financial statements which are required to be reported in accordance with *Government Auditing Standards*.

III. Federal Award Findings and Questioned Costs

There were no findings or questioned costs relating to federal awards.

IV. Schedule of Prior Year Audit Findings

None.