



Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230

☎ (559) 852- 2362 FAX (559) 585-8047

Agenda

Tuesday, January 9, 2024

Place: MULTI PURPOSE ROOM, Administration Building 1, Kings County Government Center, 1400 W. Lacey Boulevard, Hanford, CA

Time: 11:00 a.m. or soon thereafter, immediately following the meeting of the California Public Finance Authority

The meeting can be attended on the Internet by clicking this link:

<https://countyofkings.webex.com/countyofkings/j.php?MTID=m5a25cfb076c2062dadd7497feed084e4>

or by sending an email to bosquestions@co.kings.ca.us on the morning of the meeting for an automated email response with the WebEx meeting link information. Members of the public attending via WebEx will have the opportunity to provide public comment during the meeting. Remote WebEx participation for members of the public is provided for convenience only. In the event that the WebEx connection malfunctions or becomes unavailable for any reason, the Board of Supervisors reserves the right to conduct the meeting without remote access. *WebEx will be available for access at 10:55 a.m.*

1. **CALL TO ORDER**

ROLL CALL – Clerk to the Board

2. **ELECTION OF OFFICERS**

3. **APPROVAL OF MINUTES**

a. Approval of the minutes from the May 16, 2023 regular meeting.

4. **CONSENT**

- a. Consideration of approving audited CalCHA Financial statements through June 30, 2023.
- b. Consideration of approving the 2024 CalCHA regular meeting calendar.

5. **PUBLIC COMMENT**

Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item.

6. **STAFF UPDATES**

7. **ADJOURNMENT**

Adjourn as the California Community Housing Agency.



Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230

☎ (559) 852- 2362 FAX (559) 585-8047

Action Summary

Tuesday, May 16, 2023

Place: County Board of Supervisors Chambers
Kings County Government Center, Hanford, CA

Time: 11:00 a.m. or soon thereafter, immediately following the meeting of the
California Public Finance Authority

The meeting can be attended telephonically or by the Internet by clicking this link:
<https://countyofkings.webex.com/countyofkings/j.php?MTID=m2320f0719f402616f5d5b1e0cfc1be68>
or by sending an email to bosquestions@co.kings.ca.us on the morning of the meeting for an automated email response with the WebEx meeting information. Members of the public attending via WebEx will have the opportunity to provide public comment during the meeting.

Members of the public who wish to comment may submit written comments on any matter within the Board's subject matter jurisdiction, regardless of whether it is on the agenda for the Board's consideration or action, and those comments will become part of the administrative record of the meeting. Comments will not be read into the record, only the names of who have submitted comments will be read into the record. Written comments received by the Clerk of the Board of Supervisors no later than 8:30 a.m. on the morning of the noticed meeting will be included in the record, those comments received after 8:30 a.m. will become part of the record of the next meeting. To submit written comments by email, please forward them to bosquestions@co.kings.ca.us or by U.S. Mail, please forward them to: Clerk of the Board of Supervisors, County of Kings, 1400 W. Lacey Blvd., Hanford, CA 93230.

1) **CALL TO ORDER**

ROLL CALL – Clerk to the Board
ALL MEMBERS PRESENT

2) **APPROVAL OF MINUTES**

Approval of the minutes from the January 10, 2023 meeting.
ACTION: APPROVED AS PRESENTED (JN, DV, RR, RF, RV - AYE)

3) **CONSENT CALENDAR**

- a) Consideration of approving resolution 23-011 for:
- i) 211-223 Alpine Street and 201 Spring Street, City of Los Angeles, County of Los Angeles; up to \$88,000,000 in bonds.
 - ii) 550 S Hobart Boulevard, City of Los Angeles, County of Los Angeles; up to \$68,500,000 in bonds.
- ACTION: APPROVED AS PRESENTED (DV, JN, RR, RF, RV - AYE)

4) **PUBLIC COMMENT**

*Any person may directly address the Board at this time on any item on the agenda, or on any other items of interest to the public, that is within the subject matter jurisdiction of the Board. Five (5) minutes are allowed for each item. **NONE***

5) **STAFF UPDATES**

Scott Carper stated this was for a new project in the City of Los Angeles. Staff continues to work with the City of Los Angeles to move forward on the project.

6) **ADJOURNMENT**

Adjourn as the California Community Housing Agency.

December 5, 2023

Board of Directors
California Community Housing Agency
Hanford, California

Dear Board of Directors:

We have audited the financial statements of California Community Housing Agency (the "Agency") for the year ended June 30, 2023, and have issued our report thereon dated November 18, 2023. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

As stated in our engagement letter, our responsibility, as described by professional standards, is to express an opinion about whether the financial statements prepared by management with your oversight are fairly presented, in all material respects, in conformity with accounting principles generally accepted in the United States of America (GAAP). Our audit of the financial statements does not relieve you or management of your responsibilities.

As part of our audit, we considered the internal control of the Agency. Such considerations were solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

This letter addresses the consolidated statements for California Community Housing Agency and the Core Bond Issuance Operations Division. The projects of the Affordable Housing Asset Ownership Division were issued separate letters, which should be referred to for information pertaining to those projects, including information on material weaknesses in internal controls. The Affordable Housing Asset Ownership Division is comprised of the following projects:

- Annadel Apartments in Santa Rosa, CA
- Verdant at Green Valley in Fairfield, CA
- Serenity at Larkspur in Larkspur, CA
- The Arbors Apartments in Livermore, CA
- Stoneridge Apartments in Walnut Creek, CA
- Creekwood Apartments in Hayward, CA
- Glendale Properties in Glendale, CA
- Mira Vista Hills Apartments in Antioch, CA
- Aster Apartments in Dublin, CA
- Fountains at Emerald Park in Dublin, CA
- The Exchange at Bayfront Apartments in Hercules, CA
- The Summit at Sausalito Apartments in Sausalito, CA
- K Street Flats Apartments in Berkeley, CA
- Twin Creeks Apartments in Antioch, CA

Other Information in Documents Containing Audited Financial Statements

The auditor's responsibility for other information in documents containing audited financial statements does not extend beyond the financial information identified in our report, and we have no obligation to perform any procedures to corroborate other information contained in a document. Our responsibility is to read the other information and consider whether such information, or the manner of its presentation, is materially inconsistent with information, or the manner of its presentation, appearing in the consolidated financial statements. We are not aware of any documents or other information containing audited financial statements and, furthermore, management has not requested us to devote attention to any documents containing audited financial statements.

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters, in addition to our engagement letter dated July 27, 2023, accepted by Mr. Michael LaPierre.

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Agency are described in Note 1 to the financial statements. The application of existing accounting policies was not changed during the year.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates may be particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected.

The disclosures in the financial statements are neutral, consistent, and clear. Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

- The disclosure of revenue recognition methodologies for each revenue stream in Note 1.
- The disclosure of related party transactions and significant contracts in Note 7.
- The disclosure of error corrections in Note 8

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management.

We proposed no audit adjustments that could, in our judgment, either individually or in the aggregate, have a significant effect on the Agency's financial reporting process.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated November 18, 2023, a copy of which accompanies this letter.

Management Consultations with Other Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. To our knowledge, management has not obtained any opinions from other independent accountants on the application of GAAP, which would affect the Agency's financial statements or on the type of opinion which may be rendered on the financial statements.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority's auditors for the preceding year. However, these discussions occurred in the normal course of our professional relationship and our responses were not, in our judgment, a condition of our retention.

Internal Control Matters

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2023, in accordance with auditing standards generally accepted in the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, significant deficiencies and material weaknesses may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a significant deficiency.

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 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.

We consider the following deficiency in internal control to be a significant deficiency:

Segregation of Duties

Under normal conditions, the Agency's accounting staff is assigned roles and responsibilities that provide for appropriate segregation of duties. The basic premise is that no one employee should have access to both physical assets and the related accounting records or to all phases of a transaction. However, certain individuals have access to modules and can process transactions, including journal entries, within the accounting system that are inconsistent with their primary responsibilities. Because review and oversight may not be sufficient to prevent or detect errors or exceptions that may arise out of this condition, this is considered a significant deficiency in internal control.

Without adequate segregation of duties, the likelihood that unauthorized or false transactions will be prevented or detected in a timely fashion is significantly diminished which may result in misstated financial statements.

We appreciate the opportunity to be of service to the Agency.

This communication is intended solely for the information and use of the Board of Directors and, if appropriate, management and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in black ink that reads "Wipfli LLP". The signature is written in a cursive, flowing style.

Wipfli LLP

California Community Housing Agency

Financial Statements and
Supplementary Information

Year Ended June 30, 2023



WIPFLI

Independent Auditor's Report

Board of Directors
California Community Housing Agency
Hanford, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California Community Housing Agency, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise California Community Housing Agency's basic financial statements

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of California Community Housing Agency as of June 30, 2023, and its changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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 California Community Housing Agency 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 GAAP, 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 California Community Housing Agency'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.

Auditor's Responsibility 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:

- 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 California Community Housing Agency'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 California Community Housing Agency'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.

Required Supplementary Information

California Community Housing Agency has omitted a management's discussion and analysis that GAAP requires to be presented to supplement the financial statements. Such missing information, although not a part of the financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. Our opinion on the financial statements is not affected by this missing information.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise California Community Housing Agency's financial statements. The divisional statement of net position as of June 30, 2023 and the divisional statement of revenues, expenses, and change in net position for the year ended June 30, 2023, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

November 18, 2023

California Community Housing Agency

Statement of Net Position

June 30,	2023
Assets	
Current assets:	
Cash and cash equivalents	\$ 9,061,364
Restricted cash and cash equivalents	4,533,956
Restricted investments	245,129,603
Tenant accounts receivable, net	3,263,651
Prepaid expenses and other assets	5,666,576
Lease receivable, current portion	4,408,574
Total current assets	272,063,724
Capital assets, net	1,983,217,646
Lease receivable, net of current portion	5,967,894
Total assets	\$ 2,261,249,264
Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)	
Current liabilities:	
Accounts payable and other accrued expenses	\$ 9,890,649
Accrued interest	51,169,833
Tenant security deposits	4,514,580
Total current liabilities	65,575,062
Due to Catalyst Housing Group, LLC	1,300,000
Long-term bonds payable	2,423,128,339
Total liabilities	2,490,003,401
Deferred inflow of resources	11,269,898
Net position (deficit):	
Net investment in capital assets	(363,512,768)
Restricted for reserve fund	250,000
Restricted for debt service	168,805,872
Unrestricted	(45,567,139)
Total net position (deficit)	(240,024,035)
Total liabilities, deferred inflow of resources, and net position (deficit)	\$ 2,261,249,264

See accompanying notes to financial statements.

California Community Housing Agency

Statement of Revenues, Expenses and Change in Net Position

For the year ended June 30,	2023
Net rental revenues	\$ 117,271,357
Operating expenses	94,616,197
Operating income	22,655,160
Nonoperating revenues (expenses):	
Interest income	6,061,562
Interest expense	(96,010,290)
Net nonoperating expenses	(89,948,728)
Change in net position	(67,293,568)
Total net position (deficit) - Beginning of year, as previously stated	(168,599,671)
Prior period adjustment for correction of error (Note 8)	(4,130,796)
Total net position (deficit) - Beginning	(172,730,467)
Total net position (deficit) - Ending	\$ (240,024,035)

See accompanying notes to financial statements.

California Community Housing Agency

Statement of Cash Flows

For the year ended June 30,	2023
Cash flows from operating activities:	
Cash received from customers	\$ 116,028,838
Cash paid to suppliers and service providers	(34,258,905)
Net cash, cash equivalents, and restricted cash from operating activities	81,769,933
Cash flows from capital and related financing activities:	
Purchases of capital assets	(27,608,876)
Principal payments on bonds	(620,000)
Interest payments on long-term debt	(92,166,552)
Net cash, cash equivalents, and restricted cash from capital and related financing activities	(120,395,428)
Cash flows from investing activities:	
Net change in restricted investments	(41,950,397)
Interest income	6,061,562
Net cash, cash equivalents, and restricted cash from investing activities	(35,888,835)
Net change in cash, cash equivalents, and restricted cash	(74,514,330)
Cash, cash equivalents, and restricted cash - Beginning of year	88,109,650
Cash, cash equivalents, and restricted cash - End of year	\$ 13,595,320

California Community Housing Agency

Statements of Cash Flows

For the year ended June 30,

2023

Schedule reconciling operating income to net cash and cash equivalents from operating activities:

Operating income	\$	22,655,160
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Adjustments to reconcile net operating income to net cash, cash equivalents, and restricted cash from operating activities:

Depreciation and amortization		56,169,323
Changes in operating assets and liabilities:		
Tenant accounts receivable		1,142,495
Property taxes and other receivables		(415,872)
Security deposits receivable		(1,150,298)
Prepaid expenses and other assets		(114,591)
Due from related party		31,159
Accounts payable and other accrued expense		3,521,451
Lease receivable		3,449,083
Deferred inflow of resources		(3,626,375)
Tenant security deposits		108,398

Total adjustments		2,945,450
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Net cash, cash equivalents, and restricted cash from operating activities	\$	81,769,933
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Cash and cash equivalents, and restricted cash:

Cash and cash equivalents	\$	9,061,364
Restricted cash and cash equivalents:		
Tenant security deposit funds		3,205,017
Restricted cash equivalents in accordance with bond indenture		1,118,706
Restricted cash - Professional reserve		210,233

Total cash, cash equivalents, and restricted cash	\$	13,595,320
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Supplemental cash flow information:

Noncash financing activities:

Accrued interest on bonds payable added to principal	\$	(5,075,275)
Amortization of bond premium		4,139,166
Amortization of bond discount		(132,697)
Accretion of interest on capital appreciation bonds		60,915

See accompanying notes to financial statements.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies

Nature of Organization

California Community Housing Agency ("CalCHA" or the "Agency") is a political subdivision of the State of California established by Kings County and the Housing Authority of Kings County, California under the Joint Exercise of Powers Act. The Agency was formed January 29, 2019. CalCHA issues governmental purpose bonds for the purpose of financing projects that provide, preserve, and support affordable local housing for low-income, moderate-income, and middle-income families and individuals.

CalCHA's governing board (the "Board") is comprised of elected Supervisors of Kings County, California. The Board determines all of CalCHA's financing policies and procedures which includes a review and approval process for each proposed financing.

CalCHA is comprised of the following divisions:

Core Bond Issuance Operations Division ("CalCHA Core")

This division issues bonds for the various other divisions of the Agency. This division is charged with governance of the Agency and conducts various management-related activities. Additionally, this division collects bond issuance fees and bond administration fees from the various projects under the Affordable Housing Asset Ownership Division. These fees are eliminated upon consolidation of all divisions and projects.

Affordable Housing Asset Ownership Division ("Asset Ownership Program")

This division is comprised of the various housing projects owned by the Agency. The Agency outsources operational management functions of these projects to private companies under long-term contracts for public benefit uses. The various projects operate independently of one another. Bonds issued for each project are specific to that project to which they are affixed and do not have interest in the other projects. All of the bonds issued are pursuant to Trust Indentures by and between CalCHA and Wilmington Trust National Association (the Trustee of the projects). The projects owned by the Agency in this division are as follows:

Annadel Apartments in Santa Rosa, CA ("Annadel")

On April 24, 2019, CalCHA issued Workforce Housing Revenue Bonds, Series 2019. The bonds, with an aggregate principal amount of \$194,335,000, were issued to finance the acquisition of a 390-unit multifamily rental housing facility located in Santa Rosa, California.

Verdant at Green Valley in Fairfield, CA ("Verdant")

On August 28, 2019, CalCHA issued Essential Housing Revenue Bonds, Series 2019. The bonds, with an aggregate principal amount of \$115,800,000, were issued to finance the acquisition of a 286-unit multifamily rental housing facility located in Fairfield, California.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

Serenity at Larkspur in Larkspur, CA ("Serenity")

On February 13, 2020, CalCHA issued Essential Housing Revenue Bonds, Series 2020. The bonds, with an aggregate principal amount of \$226,470,000, were issued to finance the acquisition of a 342-unit multifamily rental housing facility located in Larkspur, California.

The Arbors Apartments in Livermore, CA ("The Arbors")

On August 13, 2020, CalCHA issued Essential Housing Revenue Bonds, Series 2020. The Bonds, with an aggregate principal amount of \$59,970,000, were issued to finance the acquisition of a 162-unit multifamily rental housing facility located in Livermore, California.

Stoneridge Apartments in Walnut Creek, CA ("Stoneridge")

On February 18, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$101,620,000, were issued to finance the acquisition of a 209-unit multifamily rental housing facility located in Walnut Creek, California.

Creekwood Apartments in Hayward, CA ("Creekwood")

On March 30, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$165,220,000, were issued to finance the acquisition of a 309-unit multifamily rental housing facility located in Hayward, California.

Glendale Properties in Glendale, CA ("Glendale")

On March 31, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$444,220,000, were issued to finance the acquisitions of a 494-unit multifamily rental housing facility and a 205-multifamily rental housing facility with commercial space located in Glendale, California.

Mira Vista Hills Apartments in Antioch, CA ("Mira Vista")

On April 23, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$94,810,000, were issued to finance the acquisition of a 280-unit multifamily rental housing facility located in Antioch, California.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

Aster Apartments in Dublin, CA ("Aster")

On April 29, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$179,195,000, were issued to finance the acquisition of a 313-unit multifamily rental housing facility located in Dublin, California.

Fountains at Emerald Park in Dublin, CA ("Emerald Park")

On July 1, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$216,580,000, were issued to finance the acquisition of a 324-unit multifamily rental housing facility located in Dublin, California.

The Exchange at Bayfront Apartments in Hercules, CA ("The Exchange")

On August 31, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$135,225,000, were issued to finance the acquisition of a 172-unit multifamily rental housing facility located in Hercules, California.

The Summit at Sausalito Apartments in Sausalito, CA ("Summit")

On August 31, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$152,315,000, were issued to finance the acquisition of a 198-unit multifamily rental housing facility located in Sausalito, California.

K Street Flats Apartments in Berkeley, CA ("K Street Flats")

On October 1, 2021, CalCHA issued Essential Housing Revenue Bonds, Series 2021. The Bonds, with an aggregate principal amount of \$127,790,000, were issued to finance the acquisition of a 176-unit multifamily rental housing facility located in Berkeley, California.

Twin Creeks Apartments in Antioch, CA ("Twin Creeks")

On June 9, 2022, CalCHA issued Essential Housing Revenue Bonds, Series 2022. The Bonds, with an aggregate principal amount of \$101,305,201, were issued to finance the acquisition of a 240-unit multifamily rental housing facility located in Antioch, California.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Management Focus

These basic financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the standard-setting body for governmental accounting and financial reporting. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (standards and interpretations), constitute GAAP for governmental units. GAAP also includes guidance from the American Institute of Certified Public Accountants in the publication entitled, State and Local Governments. The more significant of the Authority's accounting policies are described below.

The financial statements are presented using the economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flow takes place.

Operating revenues from CalCHA Core result from providing services in connection with the Agency's principal ongoing operations. Operating expenses include management fees, professional fees, and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Operating revenues from the Asset Ownership Program result from providing housing (rent) in connection with the Agency's principal mission. Operating expenses include maintenance fees, property expenses, management fees, professional fees, and other expenses. Revenues and expenses not meeting these definitions are reported as nonoperating revenues and expenses.

Use of Estimates

The preparation of the accompanying financial statements in conformity with GAAP requires management to make certain estimates and assumptions that directly affect the results of reported assets, liabilities, revenue, and expenses. Actual results may differ from these estimates and are subject to change in the near term.

Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, Restricted Investments, and Investment Income

Cash equivalents are defined as short-term, highly liquid investments which are readily convertible to cash and have remaining maturities of three months or less at the date of acquisition.

Restricted cash and cash equivalents for CalCHA Core are funds held in an account exclusively for use in the Reserve Fund (see Restricted Cash and Net Position policy).

Restricted cash, cash equivalents, and investments held at the projects represent the unspent proceeds of the Bonds that are held by the Trustee. These investments are made up of various funds that were required to be funded by the Trust Indentures. Also included in restricted cash and cash equivalents are tenant security deposit funds. See Note 2 for a listing of the funds held by the Trustees.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Cash and Cash Equivalents, Restricted Cash and Cash Equivalents, Restricted Investments, and Investment Income (Continued)

Restricted investments are made up of money market funds and guaranteed investment contracts.

All investment income is reported as nonoperating revenues (expenses) in the accompanying statements of revenues, expenses and changes in net position. Realized gains or losses are determined by specific identification.

Fair Value Measurements

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A three-tier hierarchy prioritizes the inputs used in measuring fair value. These tiers include Level 1, defined as observable inputs such as quoted market prices in active markets; Level 2, defined as inputs other than quoted market prices in active markets that are either directly or indirectly observable; and Level 3, defined as unobservable inputs in which little or no market data exists, therefore, requiring an entity to develop its own assumptions. The asset's or liability's fair value measurement within the hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

Tenant Accounts Receivable

Tenant accounts receivable are uncollateralized rents which are due the beginning of each month. Payments of tenant receivables are allocated to the specific charges identified on the tenant's remittance or, if unspecified, are applied to past due balances first, then the current unpaid charges. Management individually reviews all tenant receivables and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Actual losses, when realized, have been within the range of management's expectations. Management has recorded an allowance for doubtful accounts of \$1,573,086 as of June 30, 2023.

Tenant Security Deposits

Tenant security deposits represent tenant deposits held in accordance with the respective tenant's lease agreement and are held in trust for the tenants until they vacate the property. Any amounts not returned to the tenant due to lease violations are transferred to the applicable project's general operating account and recorded as rental revenue.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

Capital assets are recorded at acquisition cost and, when placed in service, depreciated on a straight-line basis over the useful life of the assets (3 to 40 years). Maintenance and repair costs are charged to expense as incurred. Interest costs incurred during the period of construction are expensed as incurred.

The Projects review their long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Projects would recognize an impairment loss at that time. No impairment loss was recognized in 2023.

Deferred Outflows/Inflows of Resources

In addition to assets, the statements of net position will sometimes report a separate section of deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to future periods and so will not be recognized as an outflow of resources (expense) until that time. At this time, the projects have no items reported in this category.

In addition to liabilities, the statements of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents the acquisition of net position that applies to future periods and so will not be recognized as an inflow of resources (revenue) until that time. The Agency records deferred inflows of resources as part of its accounting for leases (see *GASB 87 Lease Accounting* policy).

Debt Issuance Costs, Original Issue Premiums, and Original Issue Discounts

Debt issuance costs include all costs incurred to issue the Bonds. Debt issuance costs are expensed in the period incurred. No new debt was issued during the year ended June 30, 2023.

Original issue premiums and discounts represent the difference between the face value of the bonds and the consideration received. Original issue premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Amortization of the premiums and discounts are reflected as a decrease and increase, respectively, to interest expense in there statements of revenues, expenses and change in net position.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Cash and Net Position

Net position of CalCHA is classified in three components:

- *Net investment in capital assets* consists of capital assets, including bond proceeds held for capital assets, net of accumulated depreciation and reduced by any outstanding borrowings used to finance the purchase or construction of those assets.
- *Restricted for Reserve Fund*, in accordance with the Services Agreement dated February 5, 2019, the Agency established a Reserve Fund for the purpose of making payments to service providers. The Reserve Fund is utilized for legal, legislative representation, accounting, consulting, professional, and other service fees incurred in connection with the Agency or the Asset Ownership Program. The Reserve Fund is funded with five percent (5%) of the gross issuance fees and annual administrative fees collected from borrowers until it reaches a total of two hundred fifty thousand dollars (\$250,000).
- *Restricted for debt service* is net position that is restricted for the future payment of debt and is required to be held under an agreement with the Trustee.
- *Unrestricted net position* is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Income Taxes

The Agency is a public entity that is exempt from federal and state taxation under Section 115 of the Internal Revenue Code and a similar provision of state law. However, the projects under the Asset Ownership Program are subject to federal income tax on any unrelated business taxable income.

Advertising Expenses

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses charged to expense totaled approximately \$806,154 for the year ended June 30, 2023.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

CalCHA Core

The Agency receives revenue from various fees. Bond issuance fees are received from bond proceeds and are recognized as revenue upon issuance of the bonds. Administrative fees are invoiced to bond issuers in arrears and recognized as revenue and receivables as earned. Rates for these fees are predetermined according to a fee schedule and may be adjusted for with approval of the Board.

Unearned revenue is recorded when issuance fees or administrative fees are received prior to their service period. Because all fees are earned from the Asset Ownership Program, all fee income and related unearned revenues are eliminated upon consolidation.

Asset Ownership Program Revenues

Housing units are rented under operating lease agreements with terms of one year or less. Rent income from tenants is recognized in the month in which it is earned rather than received.

Retail units are rented under operating lease agreements with terms ranging from 3 to 5 years and the option to renew after the initial term has passed. Rent income from retail tenants is recognized in accordance with ASC 842, Leases, using a method that represents a straight-line basis over the term of the lease, which averages minimum required rents over the terms of the lease. Rental payments received in advanced are deferred until earned.

GASB 87 Lease Accounting

The GASB issued Statement No. 87, *Leases* (Statement 87), to establish a single leasing model for accounting and reporting purposes. This guidance is intended to enhance the accountability, consistency, and comparability of lease activity reported by government entities. Under the new guidance, lessors will be required to recognize a lease receivable and a deferred inflow of resources for substantially all leases with lease terms in excess of twelve months. The Agency adopted Statement 87 during the year ended June 30, 2022, based on the facts and circumstances known at July 1, 2021.

The Agency is a lessor in multiple housing units lease agreements. The Agency accounts for its leases in accordance with GASB 87 from the date of initial application. If the contract provides the right to substantially all the economic benefits and the right to direct the use of the identified asset, it is considered to be or contain a lease. Lease receivable and deferred inflow of resources are recognized at the lease commencement date based on the present value of the future lease payments over the expected lease term. The deferred inflow of resources is also adjusted for any lease prepayments made, lease incentives received, and initial direct costs incurred. See Note 7 for leases.

The Agency uses its incremental borrowing rate as the discount rate.

California Community Housing Agency

Notes to Financial Statements

Note 1: Summary of Significant Accounting Policies (Continued)

GASB 87 Lease Accounting (Continued)

The Agency has elected to not recognize lease receivable and deferred inflow of resources for short-term leases that have a lease term of 12 months or less at lease commencement and do not include an option to renew the lease agreement. Leases containing termination clauses in which either party may terminate the lease without cause and the notice period is less than 12 months are deemed short-term leases. The Agency recognizes short-term lease income on a straight-line basis over the lease term.

Note 2: Deposits and Investments

California Government Code Section 53601 (the Code) permits the Authority to invest available cash balances in various investments, as outlined by the Code. The Agency maintains its cash and equivalents in a money market account with a financial institution.

Restricted cash and investments are subject to several types of risk:

Interest Rate Risk – Interest rate risk is the risk that the changes in interest rates will adversely affect the fair value of an investment. The Agency does not have a formal investment policy for interest rate risk.

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2023, the Agency's investments were not rated.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of a bank failure, the Agency's deposits may not be returned to it. The Agency does not have a deposit policy for custodial credit risk. The Agency's deposits are fully insured.

Although not part of the Asset Ownership Program's Indentures, included in restricted cash and cash equivalents are tenant security deposits of \$3,328,482 as of June 30, 2023. As such, these amounts are not included in the table below summarizing restricted cash and investments by fund.

Pursuant to the Asset Ownership Program's Indentures, the projects were required to establish certain restricted reserves with bond proceeds that were funded at closing for the bond issuance. All reserve accounts are restricted for specific uses (such as debt service, interest payment, operating expenses, capital expenses, liens, etc) and withdrawals from the restricted accounts are subject to approval by the Trustee.

California Community Housing Agency

Notes to Financial Statements

Note 2: Deposits and Investments (Continued)

The following table provides a summary of restricted cash, cash equivalents, and investments by project as required by the Trust Indentures:

<i>June 30,</i>	2023
Annadel	\$ 13,616,231
Verdant	11,854,774
Serenity	18,198,602
The Arbors	8,859,273
Stoneridge	10,572,578
Creekwood	22,549,836
Glendale	40,591,909
Mira Vista	16,258,985
Aster	18,444,400
The Fountains	22,557,639
The Exchange	11,801,624
Summit	19,235,977
K Street Flats	18,217,074
Twin Creeks	12,418,103
Total	\$ 245,177,005

Total restricted assets as of June 30, 2023 are summarized as follows:

	2023
Restricted cash and cash equivalents held by CalCHA Core (for the Reserve Fund, as described in Note 1)	\$ 210,233
Restricted assets - tenant security deposits (see above)	3,328,482
Restricted cash with bond indenture	947,839
Restricted assets under trust indentures (see above)	245,177,005
Total restricted assets	249,663,559
Restricted cash and cash equivalents per the statement of net position	4,533,956
Restricted investment per the statement of net position	245,129,603
Total restricted assets per the statement of net position	\$ 249,663,559

California Community Housing Agency

Notes to Financial Statements

Note 3: Fair Value Measurements

Information regarding assets at fair value on a recurring basis as of June 30, 2023, is as follows:

As of June 30, 2023	Total Assets at Fair Value	Recurring Fair Value Measurements Using		
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds - CalCHA Core	\$ 3,620,309	\$ -	\$ 3,620,309	\$ -
Money market funds - Asset Ownership Program	96,373,337	-	96,373,337	-
Guaranteed investment contracts - Asset Ownership Program	148,756,266	-	148,756,266	-
Total	\$ 248,749,912	\$ -	\$ 248,749,912	\$ -

Following is a description of the methodologies used for assets measured at fair value:

Money market funds - The fair value of money market funds are based on inputs that are observable, such as quoted prices for similar assets in active markets, interest rates, yield curve volatilities, and credit risk.

Guaranteed investment contracts - The fair value of guaranteed investment contracts are based on inputs that are observable, such as quoted prices for similar assets in active markets, interest rates, yield curve, volatilities, and credit risk. Interest rates range from 0.90% to 3.56%. The contract issuer is contractually obligated to repay the principal and interest at the specified interest rate that is guaranteed to the investment holder by the contract. The Agency may withdraw the full principal balance on deposit, terminating the contract, at any time.

California Community Housing Agency

Notes to Financial Statements

Note 4: Capital Assets

The following is a summary of changes in the Asset Ownership Program's capital assets for the year ended June 30, 2023:

Year Ended June 30, 2023	Beginning Balance	Additions	Disposals and Retirements	Ending Balance
Land	\$ 478,982,051	\$ -	-	\$ 478,982,051
Construction in progress	-	485,762	-	485,762
Land improvements	-	130,239	-	130,239
Buildings	1,599,284,035	-	-	1,599,284,035
Building improvements	14,250,965	26,339,853	-	40,590,818
Furniture and fixtures	-	653,022	-	653,022
Software	680,691	-	-	680,691
Total capital assets, being depreciated	1,614,215,691	27,123,114	-	1,641,338,805
Less: Accumulated depreciation	81,419,649	56,169,323	-	137,588,972
Total	\$ 2,011,778,093	\$ (28,560,447)	\$ -	\$ 1,983,217,646

California Community Housing Agency

Notes to Financial Statements

Note 5: Bond Obligations

Bonds are special limited obligations of CalCHA payable from and secured exclusively by the revenues and assets of the applicable project pledged under the Indenture. The Bonds are summarized within the table on the following pages.

	Original Face Value of Bond Obligations	Interest Rate	Term (Years)	Maturity Date	Balance at June 30, 2023
Annadel:					
Series 2019A Bonds	\$ 189,335,000	5%	30	April 2049	\$ 189,335,000
Series 2019B Bonds	5,000,000	10%	30	April 2049	5,000,000
Original issue premium	5,218,073				4,491,322
Verdant:					
Series 2019A Bonds	110,800,000	5%	30	August 2049	110,800,000
Series 2019B Bonds	5,000,000	10%	35	August 2054	5,000,000
Original issue premium	12,846,152				11,200,127
Serenity:					
Series 2020A Bonds	219,795,000	5%	30	February 2050	219,795,000
Series 2020B Bonds	6,675,000	10%	35	February 2055	6,675,000
Original issue premium	33,529,727				29,791,058
The Arbors:					
Series 2020A Bonds	57,470,000	5%	30	August 2050	57,470,000
Series 2020B Bonds	2,500,000	10%	35	August 2055	2,500,000
Original issue premium	6,559,626				5,921,297
Stoneridge:					
Series 2021A Bonds	97,270,000	4%	35	February 2056	97,270,000
Series 2021B Bonds	4,350,000	10%	40	February 2061	4,350,000
Original issue discount	7,015,112				6,564,140
Creekwood:					
Series 2021A Bonds	160,220,000	4%	35	February 2056	160,220,000
Series 2021B Bonds	5,000,000	10%	40	February 2061	5,000,000
Original issue premium	8,669,504				8,108,866
Glendale:					
Series 2021A-1 Bonds	250,000,000	4%	35	February 2056	250,000,000
Series 2021A-2 Bonds	184,220,000	4%	26	August 2047	184,220,000
Series 2021B Bonds	10,000,000	10%	40	February 2061	10,000,000
Original issue premium A-1	17,470,000				16,296,889
Original issue premium A-2	6,304,008				5,810,041
Mira Vista:					
Series 2021A Bonds	90,810,000	4%	35	February 2056	90,810,000
Series 2021B Bonds	4,000,000	10%	40	February 2061	4,000,000
Original issue premium	2,305,666				2,163,777

California Community Housing Agency

Notes to Financial Statements

Note 5: Bond Obligations (Continued)

	Original Face Value of Bond Obligations	Interest Rate	Term (Years)	Maturity Date	Balance at June 30, 2023
Aster:					
Series 2021A-1 Bonds	\$ 116,200,000	4%	35	February 2056	\$ 116,200,000
Series 2021A-2 Bonds	57,995,000	4%	22	February 2043	57,240,000
Series 2021B Bonds	5,000,000	10%	40	February 2061	5,000,000
Original issue premium	12,386,620				11,517,166
The Fountains:					
Series 2021A-1 Bonds	133,000,000	3%	35	August 2056	133,000,000
Series 2021A-2 Bonds	78,580,000	4%	25	August 2046	78,580,000
Series 2021B Bonds	5,000,000	10%	40	August 2061	5,000,000
Original issue premium	10,349,689				9,619,520
The Exchange:					
Series 2021A-1 Bonds	72,355,000	3%	35.5	February 2057	72,355,000
Series 2021A-1T Bonds	7,095,000	4.25%	16.5	February 2038	7,095,000
Series 2021A-2 Bonds	50,775,000	4%	30	August 2051	50,775,000
Series 2021B Bonds	5,000,000	10%	40.5	February 2062	5,000,000
Original issue premium	3,883,152				3,684,650
Summit:					
Series 2021A-1 Bonds	85,400,000	3%	35	February 2057	85,400,000
Series 2021A-2 Bonds	61,915,000	4%	28	February 2050	61,745,000
Series 2021B Bonds	5,000,000	10%	40	February 2062	5,000,000
Original issue premium	4,695,634				4,112,646
K Street Flats:					
Series 2021A-1 Bonds	70,000,000	3%	35	February 2057	70,000,000
Series 2021A-2 Bonds	52,790,000	4%	28	August 2050	52,790,000
Series 2021B Bonds	5,000,000	10%	30	February 2062	5,000,000
Original issue premium	2,357,601				2,267,634
Original issue discount	(3,662,400)				(3,522,641)
Twin Creeks:					
Series 2022A-1 Bonds	68,555,000	4.5%	30	August 2052	68,555,000
Series 2022A-2 Bonds (capital appreciation bonds)	15,000,201	6.5%	43	August 2065	15,000,201
Series 2022B Bonds	17,750,000	5.5%	17.5	February 2040	17,750,000
Original issue discount	(9,157,203)				(8,828,354)
Total	\$ 2,435,626,162				\$ 2,423,128,339

California Community Housing Agency

Notes to Financial Statements

Note 5: Bond Obligations (Continued)

Activity for the Bonds for the year ended June 30, 2023, was as follows:

	Bond Obligations	Original Issue Premiums	Original Issue Discounts	Total
Balance, beginning of year	\$ 2,314,748,374	\$ 121,476,135	\$ (13,119,681)	\$ 2,423,104,828
Prior period adjustment (Note 8)	-	4,710,128	-	4,710,128
Principal payments	(757,258)	-	-	(757,258)
Amortization	-	(4,273,876)	405,432	(3,868,444)
Accretion on capital appreciation bonds	(60,915)	-	-	(60,915)
Balance, end of year	\$ 2,313,930,201	\$ 121,912,387	\$ (12,714,249)	\$ 2,423,128,339

Interest payments on the Bonds are due semi-annually. Principal payments are not to be made on the bonds unless and until such bonds are tendered to the Trustee for cancellation; however partial payments may be made from time to time at the election of CalCHA. All outstanding principal balances on the bonds as of June 30, 2023, are classified as long-term liabilities. Interest expense on capital appreciation bonds is accreted annually and paid at maturity. Capital appreciation bonds have a stated accreted value at maturity of \$236,970,000 and a maturity of August 2065.

Future principal and interest payments on the bonds as of June 30, 2023, are as follows:

	Principal	Interest	Total
2024	\$ -	\$ 98,801,913	\$ 98,801,913
2025	-	98,801,913	98,801,913
2026	-	98,801,913	98,801,913
2027	-	98,801,913	98,801,913
2028	-	98,801,913	98,801,913
2029 - 2033	5,545,000	493,628,863	499,173,863
2034 - 2038	14,785,000	492,170,594	506,955,594
2039 - 2043	91,155,000	485,628,825	576,783,825
2044 - 2048	291,330,000	458,116,000	749,446,000
2049 - 2053	802,420,000	296,665,825	1,099,085,825
2054 - 2058	1,045,345,000	151,676,500	1,197,021,500
2059 - 2063	48,350,000	16,255,000	64,605,000
2063 - 2067	15,000,201	7,459,816	22,460,017
Subtotal	2,313,930,201	2,895,610,988	5,209,541,189
Less future accretion on capital appreciation bonds	15,000,201		15,000,201
Total	\$ 2,298,930,000		\$ 5,194,540,988

California Community Housing Agency

Notes to Financial Statements

Note 6: Related-Party Transactions/Significant Contracts

CalCHA Core

CalCHA has entered into a services agreement with GPM Municipal Advisors, LLC and affiliates (GPM) for advisory, consulting, and project management services related to CalCHA's finance programs, including post-issuance management and compliance oversight. Acting as CalCHA's staff, GPM personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others, to ensure that bonds issued in CalCHA's name remain in good standing. The agreement expires July 6, 2025, with the option for up to three successive five-year renewal periods.

Under the services agreement as amended, CalCHA incurred fees to GPM of \$1,455,872 for the year ended June 30, 2023. At June 30, 2023, \$770,391 was payable to GPM for such services.

Asset Ownership Program

All asset ownership projects have signed project administration agreements with third-party administrators. These project administration agreements establish the terms and conditions upon which the third-party administrators shall, as independent contractors, monitor, supervise, coordinate, analyze, and report to CalCHA with respect to the projects and the project managers' performance under the individual project administration agreements. Contracts renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the project administration agreements. Fees incurred and paid to the project administrators under the administration agreements during the year ended June 30, 2023, were \$3,236,401. Accrued fees at June 30, 2023 were \$174,339.

The Annadel project entered into a \$500,000 note payable with Catalyst Housing Group, LLC, maturing April 1, 2050. Interest bears a rate of 10% per annum, payable to the extent of available cash flow from the Annadel project. On September 28, 2021, the Annadel project entered into an additional note of \$800,000 with Catalyst Housing Group, LLC, maturing April 1, 2050. Interest bears a rate of 10% per annum, payable to the extent of available cash flow, on each bond interest payment date.

All asset ownership projects have signed management agreements with third-party property managers to establish the terms and conditions for the operation and maintenance of the projects. The management agreements renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the management agreements. Fees and reimbursable expenses incurred to the project managers for the management agreements during the year ended June 30, 2023 were \$8,888,753. Accrued property management fees were \$125,653 at June 30, 2023.

An annual fee is also due to CalCHA's designated agent, GPM, from the individual asset ownership projects. Designated agent fees during the year ended June 30, 2023 were \$350,000.

California Community Housing Agency

Notes to Financial Statements

Note 6: Related-Party Transactions/Significant Contracts (Continued)

Under the terms of the Trust Indentures, the individual projects pay one-time bond issuance fees to CalCHA Core. Bond issuance fees incurred and paid during the year ended June 30, 2023, were \$0. The asset ownership projects also pay annual bond administration fees to CalCHA Core. Bond administration fees incurred during the year ended June 30, 2023, were \$1,868,750. Accrued bond administration fees as of June 30, 2023 were \$1,081,250. Bond issuance fees and bond administration fees are eliminated upon consolidation of CalCHA Core and the Asset Ownership Program.

Note 7: Leases

At each project, the Agency enters into lease agreements for each housing unit with terms of one year or less. Occasionally, a few lease agreements will exceed one year. Each lease agreement entered does not grant lease renewal options. The Agency also enters into lease agreements for commercial space at some projects.

The lease agreements do not contain any material residual value guarantees or material restrictive covenants. Payments due under the lease contracts include fixed payments.

The lease receivable is initially measured at the present value of the remaining lease fixed payments over the lease term, discounted using the interest rate implicit in the lease or if that rate cannot be readily determined, the Agency's incremental borrowing rate.

Lease payments, included in the measurement of the lease receivable associated to these lease agreements, are comprised of only fixed payments. There are no variable lease components included in the leases of the projects.

The deferred inflow of resources is initially measured at the commencement of the lease term. This is equal to the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. As of June 30, 2023, the deferred inflow of resources was \$11,269,898.

As lease payments are received, the lease receivable will be reduced, and the deferred inflow of resources will be recognized as revenue.

Maturities of lease receivables are as follows as of June 30, 2023:

2024	\$ 4,408,574
2025	935,014
2026	804,441
2027	782,073
2028	737,907
2029	2,708,459
<hr/>	
Total	\$ 10,376,468

Amounts representing interest included in the table above total \$1,015,735.

California Community Housing Agency

Notes to Financial Statements

Note 8: Correction of Error

The beginning net position as of July 1, 2022 has been restated to correct accounting errors.

As discussed in Note 1 of the financial statements, the original issue premium is deferred and amortized over the life of the Bonds using the straight-line method. During the year ended June 30, 2023, management of the Asset Ownership Program became aware that it was over amortizing the original issue premium of the Bonds by using a shorter life than the actual life of the Bonds.

Improper accounting related to investment transactions also caused a variance in the investment balances. During the year ended June 30, 2023, management of the Asset Ownership Program became aware that it was improperly reconciling its monthly investment transactions.

As a result of these corrections, the Project's net position (deficit) as of July 1, 2022, decreased from \$(168,599,671), as previously reported, to \$(172,730,467), as restated.

Supplementary Information

California Community Housing Agency

Divisional Statements of Net Position

At June 30, 2023	Asset Ownership			
	CalCHA Core	Program	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ 3,410,076	\$ 5,651,288	\$ -	\$ 9,061,364
Restricted cash and cash equivalents	210,233	4,323,723	-	4,533,956
Restricted investments	-	245,129,603	-	245,129,603
Accounts receivable, related party	1,081,250	-	(1,081,250)	-
Tenant accounts receivable, net	-	3,263,651	-	3,263,651
Prepaid expenses and other assets	-	5,666,576	-	5,666,576
Lease receivable, current portion	-	4,408,574	-	4,408,574
Total current assets	4,701,559	268,443,415	(1,081,250)	272,063,724
Capital assets, net	-	1,983,217,646	-	1,983,217,646
Lease receivable, net of current portion	-	5,967,894	-	5,967,894
Total assets	\$ 4,701,559	\$ 2,257,628,955	\$ (1,081,250)	\$ 2,261,249,264
Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)				
Current liabilities:				
Accounts payable and other accrued expenses	\$ 771,639	\$ 10,200,260	\$ (1,081,250)	\$ 9,890,649
Accrued interest	-	51,169,833	-	51,169,833
Tenant security deposits	-	4,514,580	-	4,514,580
Total current liabilities	771,639	65,884,673	(1,081,250)	65,575,062
Due to Catalyst Housing Group, LLC	-	1,300,000	-	1,300,000
Long-term bonds payable	-	2,423,128,339	-	2,423,128,339
Total liabilities	771,639	2,490,313,012	(1,081,250)	2,490,003,401
Deferred inflows of resources	-	11,269,898	-	11,269,898
Net position (deficit):				
Net investment in capital assets	-	(363,512,768)	-	(363,512,768)
Restricted for reserve fund	250,000	-	-	250,000
Restricted for debt service	-	168,805,872	-	168,805,872
Unrestricted	3,679,920	(49,247,059)	-	(45,567,139)
Total net position (deficit)	3,929,920	(243,953,955)	-	(240,024,035)
Total liabilities, deferred inflows of resources, and net position (deficit)	\$ 4,701,559	\$ 2,257,628,955	\$ (1,081,250)	\$ 2,261,249,264

See accompanying notes to financial statements.

California Community Housing Agency

Divisional Statements of Revenues, Expenses and Change in Net Position

For the Year Ended June 30, 2023	Asset Ownership			
	CalCHA Core	Program	Eliminations	Total
Revenues:				
Net rental revenues	\$ -	\$ 117,271,357	\$ -	\$ 117,271,357
Bond administration fees	1,868,750	-	(1,868,750)	-
Total revenues	1,868,750	117,271,357	(1,868,750)	117,271,357
Operating expenses	1,529,669	94,955,278	(1,868,750)	94,616,197
Operating income	339,081	22,316,079	-	22,655,160
Nonoperating revenues (expenses):				
Interest income	21,990	6,039,572	-	6,061,562
Interest expense	-	(96,010,290)	-	(96,010,290)
Net nonoperating revenue (expenses)	21,990	(89,970,718)	-	(89,948,728)
Change in net position	361,071	(67,654,639)	-	(67,293,568)
Total net position (deficit), beginning of year as previously reported	3,568,849	(172,168,520)		(168,599,671)
Prior period adjustment		(4,130,796)		(4,130,796)
Total net position (deficit) - Beginning	3,568,849	(176,299,316)	-	(172,730,467)
Total net position (deficit) - Ending	\$ 3,929,920	\$ (243,953,955)	\$ -	\$ (240,024,035)

See accompanying notes to financial statements.



2024 REGULAR MEETING CALENDAR

All Regular Meetings of the Agency will be held at the Kings County Board of Supervisors' Chambers beginning at 11:00 AM or immediately following the CalPFA Board Meeting.

CalCHA reserves the right to conduct a regular meeting during any one of the regularly scheduled meetings of the Kings County Board of Supervisors.

January							February							March							April						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
	1	2	3	4	5	6					1	2	3						1	2		1	2	3	4	5	6
7	8	9	10	11	12	13	4	5	6	7	8	9	10	3	4	5	6	7	8	9	7	8	9	10	11	12	13
14	15	16	17	18	19	20	11	12	13	14	15	16	17	10	11	12	13	14	15	16	14	15	16	17	18	19	20
21	22	23	24	25	26	27	18	19	20	21	22	23	24	17	18	19	20	21	22	23	21	22	23	24	25	26	27
28	29	30	31				25	26	27	28	29			24	25	26	27	28	29	30	28	29	30				
														31													

May							June							July							August						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
			1	2	3	4						1		1	2	3	4	5	6					1	2	3	
5	6	7	8	9	10	11	2	3	4	5	6	7	8	7	8	9	10	11	12	13	4	5	6	7	8	9	10
12	13	14	15	16	17	18	9	10	11	12	13	14	15	14	15	16	17	18	19	20	11	12	13	14	15	16	17
19	20	21	22	23	24	25	16	17	18	19	20	21	22	21	22	23	24	25	26	27	18	19	20	21	22	23	24
26	27	28	29	30	31		23	24	25	26	27	28	29	28	29	30	31				25	26	27	28	29	30	31
							30																				

September							October							November							December						
S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S	S	M	T	W	T	F	S
1	2	3	4	5	6	7			1	2	3	4	5						1	2	1	2	3	4	5	6	7
8	9	10	11	12	13	14	6	7	8	9	10	11	12	3	4	5	6	7	8	9	8	9	10	11	12	13	14
15	16	17	18	19	20	21	13	14	15	16	17	18	19	10	11	12	13	14	15	16	15	16	17	18	19	20	21
22	23	24	25	26	27	28	20	21	22	23	24	25	26	17	18	19	20	21	22	23	22	23	24	25	26	27	28
29	30						27	28	29	30	31			24	25	26	27	28	29	30	29	30	31				