

**RESOURCES FOR
COMMUNITY DEVELOPMENT
AND AFFILIATES**

COMBINED FINANCIAL STATEMENTS

AND

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2015 AND 2014

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2015 AND 2014

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* * * *



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Board of Directors
Resources for Community Development and affiliates
Berkeley, California

INDEPENDENT AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying combined financial statements of Resources for Community Development, a California nonprofit public benefit corporation, and affiliates, which comprise the combined statements of financial position as of June 30, 2015 and 2014, and the related combined statements of activities, and cash flows for the years then ended, and the related notes to the combined financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the combined financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the combined financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the financial position of Resources for Community Development and affiliates as of June 30, 2015 and 2014, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying supplementary information on pages 51 through 69, as required by the State of California Department of Housing and Community Development, and the accompanying supplementary information on pages 29 through 50, is presented for purposes of additional analysis and is not a required part of the basic combined 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 combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the combined financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated December 17, 2015 on our consideration of Resources for Community Development and affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Resources for Community Development and affiliates' internal control over financial reporting and compliance.

Lindquist, von Husen and Joyce LLP

December 17, 2015

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|----------------|----------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 9,343,160 | \$ 7,352,002 |
| Investment | 200,036 | 499,890 |
| Receivables: | | |
| Government grants | 172,801 | 209,837 |
| Rent and others (Note 3) | 560,114 | 803,204 |
| Prepaid expenses and deposits (Note 4) | 654,995 | 442,651 |
| Impounds (Note 5) | 70,947 | 70,064 |
| Total current assets | 11,002,053 | 9,377,648 |
| Non-current assets: | | |
| Restricted cash and deposits (Note 6) | 19,204,432 | 17,412,438 |
| Land | 50,359,130 | 42,219,222 |
| Development in progress (Note 7) | 55,908,430 | 20,548,366 |
| Property and equipment – net (Note 8) | 336,838,373 | 326,495,513 |
| Deferred costs – net (Note 9) | 3,500,646 | 3,221,505 |
| Investment in other companies (Note 10) | 297,085 | - |
| Goodwill | 4,789,397 | 4,789,397 |
| Total non-current assets | 470,897,493 | 414,686,441 |
| Total assets | \$ 481,899,546 | \$ 424,064,089 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Account payable and accrued expenses | \$ 1,446,991 | \$ 1,327,084 |
| Related-party payable | 69,460 | 130,935 |
| Construction payable | 11,718,669 | 9,042,174 |
| Notes payable – current portion (Note 11) | 2,711,600 | 1,737,671 |
| Interest payable – current portion (Note 11) | 846,242 | 736,795 |
| Deferred revenue | 165,708 | 133,352 |
| Total current liabilities | 16,958,670 | 13,108,011 |
| Long-term liabilities: | | |
| Share of pass-through losses in excess of assets of other companies (Note 10) | - | 867,923 |
| Security and other deposits | 1,037,558 | 970,370 |
| Derivative financial instruments (Note 12) | 4,375,252 | 3,789,582 |
| Notes payable – net of current portion (Note 11) | 314,974,620 | 281,519,470 |
| Interest payable – net of current portion (Note 11) | 49,893,925 | 43,674,645 |
| Total long-term liabilities | 370,281,355 | 330,821,990 |
| Total liabilities | 387,240,025 | 343,930,001 |
| Net assets: | | |
| Unrestricted: | | |
| Controlling interests | 4,272,279 | 2,797,192 |
| Non-controlling interests | 76,477,778 | 62,776,312 |
| Total unrestricted | 80,750,057 | 65,573,504 |
| Temporarily restricted (Note 13) | 13,909,464 | 14,560,584 |
| Total net assets | 94,659,521 | 80,134,088 |
| Total liabilities and net assets | \$ 481,899,546 | \$ 424,064,089 |

The accompanying notes are an integral part of this financial statement.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINED STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | | <i>Total</i> |
|--|----------------------|-------------------------------|----------------------|
| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | |
| Support and revenue: | | | |
| Rental income – net of vacancies | \$ 22,516,381 | \$ - | \$ 22,516,381 |
| Government grants | 458,858 | - | 458,858 |
| Contributions (Note 13) | 238,606 | 124,852 | 363,458 |
| Interest income | 47,312 | - | 47,312 |
| Loan forgiveness and other | 1,385,132 | - | 1,385,132 |
| Releases from restricted net assets (Note 13) | 775,972 | (775,972) | - |
| Total support and revenue | <u>25,422,261</u> | <u>(651,120)</u> | <u>24,771,141</u> |
| Expenses: | | | |
| Salaries and wages | 4,420,116 | - | 4,420,116 |
| Payroll taxes and benefits | 1,263,023 | - | 1,263,023 |
| Administrative expenses | 4,162,490 | - | 4,162,490 |
| Utilities | 1,973,577 | - | 1,973,577 |
| Development | 45,921 | - | 45,921 |
| Operating and maintenance | 3,296,977 | - | 3,296,977 |
| Resident services | 443,280 | - | 443,280 |
| Taxes and insurance | 1,293,805 | - | 1,293,805 |
| Management fees | 76,945 | - | 76,945 |
| Interest expense | 3,270,607 | - | 3,270,607 |
| Total expenses | <u>20,246,741</u> | <u>-</u> | <u>20,246,741</u> |
| Change in net assets before other revenue (expenses) | 5,175,520 | (651,120) | 4,524,400 |
| Government grants/contributions for development | 51,258 | - | 51,258 |
| Income from investment in other companies (Note 10) | 1,236,514 | - | 1,236,514 |
| Loss from investments (Note 12) | (585,670) | - | (585,670) |
| Depreciation and amortization | (12,137,905) | - | (12,137,905) |
| Deferred interest | (5,061,353) | - | (5,061,353) |
| Excess of fair value of assets acquired over liabilities assumed in the donation of two partnerships (Note 18) | 1,099,136 | - | 1,099,136 |
| Change in net assets | (10,222,500) | (651,120) | (10,873,620) |
| Net assets, beginning of year | 65,573,504 | 14,560,584 | 80,134,088 |
| Capital contributions | 25,399,053 | - | 25,399,053 |
| Net assets, end of year | <u>\$ 80,750,057</u> | <u>\$ 13,909,464</u> | <u>\$ 94,659,521</u> |
| Reconciliation of net assets: | | | |
| Controlling interest: | | | |
| Beginning of year | | | \$ 17,357,776 |
| Change in net assets | | | <u>823,967</u> |
| End of year | | | <u>18,181,743</u> |
| Non-controlling interest: | | | |
| Beginning of year | | | 62,776,312 |
| Capital contributions (net of syndication cost) | | | 25,399,053 |
| Non-controlling interests in limited partnership earnings | | | <u>(11,697,587)</u> |
| End of year | | | <u>76,477,778</u> |
| Net assets, end of year | | | <u>\$ 94,659,521</u> |

The accompanying notes are an integral part of this financial statement.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINED STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2015 AND 2014

| | 2014 | | |
|---|----------------------|-----------------------------------|----------------------|
| | <i>Unrestricted</i> | <i>Temporarily Restricted</i> | <i>Total</i> |
| Support and revenue: | | | |
| Rental income – net of vacancies | \$ 19,953,798 | \$ - | \$ 19,953,798 |
| Government grants | 406,293 | - | 406,293 |
| Contributions (Note 13) | 130,960 | 445,740 | 576,700 |
| Interest income | 49,821 | - | 49,821 |
| Other | 113,389 | - | 113,389 |
| Releases from restricted net assets (Note 13) | 874,390 | (874,390) | - |
| Total support and revenue | <u>21,528,651</u> | <u>(428,650)</u> | <u>21,100,001</u> |
| Expenses: | | | |
| Salaries and wages | 4,061,685 | - | 4,061,685 |
| Payroll taxes and benefits | 1,287,192 | - | 1,287,192 |
| Administrative expenses | 3,739,790 | - | 3,739,790 |
| Utilities | 1,765,349 | - | 1,765,349 |
| Development | 45,317 | - | 45,317 |
| Operating and maintenance | 2,925,789 | - | 2,925,789 |
| Resident services | 364,525 | - | 364,525 |
| Taxes and insurance | 1,230,762 | - | 1,230,762 |
| Management fees | 59,181 | - | 59,181 |
| Interest expense | 2,474,028 | - | 2,474,028 |
| Total expenses | <u>17,953,618</u> | <u>-</u> | <u>17,953,618</u> |
| Change in net assets before other revenue (expenses) | 3,575,033 | (428,650) | 3,146,383 |
| Government grants/contributions for development | 339,792 | - | 339,792 |
| Loss from investment in other companies (Note 10) | (99,313) | - | (99,313) |
| Loss from investments (Note 12) | (1,199,956) | - | (1,199,956) |
| Depreciation and amortization | (10,332,912) | - | (10,332,912) |
| Deferred interest | (4,664,098) | - | (4,664,098) |
| Grant income (expense) – affiliates | (287,204) | - | (287,204) |
| Change in net assets | (12,668,658) | (428,650) | (13,097,308) |
| Net assets, beginning of year | 69,882,553 | 14,989,234 | 84,871,787 |
| Capital contributions | 8,359,609 | - | 8,359,609 |
| Net assets, end of year | <u>\$ 65,573,504</u> | <u>\$ 14,560,584</u> | <u>\$ 80,134,088</u> |
| Reconciliation of net assets: | | | |
| Controlling interest: | | | |
| Beginning of year | | | \$ 20,824,607 |
| Change in net assets | | | <u>(3,466,831)</u> |
| End of year | | | <u>17,357,776</u> |
| Non-controlling interest: | | | |
| Beginning of year | | | 64,047,180 |
| Capital contributions | | | 8,359,609 |
| Non-controlling interests in limited partnership earnings | | | <u>(9,630,477)</u> |
| End of year | | | <u>62,776,312</u> |
| Net assets, end of year | | | <u>\$ 80,134,088</u> |

The accompanying notes are an integral part of this financial statement.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|--|-----------------|-----------------|
| Cash flows from operating activities: | | |
| Change in net assets | \$ (10,873,620) | \$ (13,097,308) |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 12,137,905 | 10,332,912 |
| Income from loan forgiveness | (891,595) | - |
| Proceeds from development grants | (51,258) | (339,792) |
| Loss (gain) on investments and derivative financial instruments | (650,985) | 1,299,253 |
| Excess of fair value of assets acquired over liabilities assumed in the donation of two partnerships | (871,869) | - |
| Assignment of management fee receivable | (399,186) | - |
| (Increase) decrease in assets: | | |
| Accounts receivable | 252,668 | (374,342) |
| Grants and contributions receivable | 61,816 | 4,516 |
| Prepaid expenses and deposits | (187,344) | 13,411 |
| Impounds | (883) | 110,858 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | 29,696 | (49,770) |
| Interest payable | 4,556,264 | 4,240,723 |
| Deferred revenues | 32,355 | (34,014) |
| Net cash provided by operating activities | 3,143,964 | 2,106,447 |
| Cash flows from investing activities: | | |
| Net increase in restricted cash and deposits | (117,504) | (691,319) |
| Net increase in development in progress | (29,255,363) | (6,124,835) |
| Purchase of property and equipment | (13,506,362) | (27,597,553) |
| Payment of deferred costs | (523,051) | (196,705) |
| Net equity distribution | 71,505 | - |
| Purchase of investment | (1,000,000) | (1,000,000) |
| Proceeds from sale of investment | 1,300,000 | 1,000,000 |
| Net cash used in investing activities | (43,030,775) | (34,610,412) |
| Cash flows from financing activities: | | |
| Proceeds from development grants | 26,478 | 339,792 |
| Payment of short-term debt | (9,028,590) | (6,950,158) |
| Proceeds from notes payable | 57,121,512 | 46,899,714 |
| Repayment of notes payable | (9,675,201) | (11,745,655) |
| Payment of syndication costs | (62,930) | (68,024) |
| Proceeds from capital contributions | 3,496,700 | 6,258,524 |
| Net cash provided by financing activities | 41,877,969 | 34,734,193 |
| Net increase in cash and cash equivalents | 1,991,158 | 2,230,228 |
| Cash and cash equivalents, beginning of year | 7,352,002 | 5,121,774 |
| Cash and cash equivalents, end of year | \$ 9,343,160 | \$ 7,352,002 |
| Supplementary information: | | |
| Cash paid for interest (net of capitalized portion) | \$ 3,011,662 | \$ 2,854,721 |
| Noncash investing and financing transactions: | | |
| Assets acquired by assuming liabilities or with proceeds from capital contributions paid through escrows | \$ 22,975,101 | \$ 17,416,461 |
| Syndication costs paid by assuming liabilities | \$ - | \$ 290,313 |
| Transfer of development in progress to property and equipment and deferred costs | \$ 6,656,731 | \$ 34,440,721 |

The accompanying notes are an integral part of this financial statement.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Resources for Community Development (RCD) was formed as a California nonprofit public benefit corporation in 1984. Pursuant to its mission, RCD creates and preserves affordable housing for those with the fewest options, to build community and enrich lives.

RCD's programs consist of housing development, real estate asset management, rental operations, and resident services. RCD has developed or acquired 65 affordable housing communities in three Northern California counties, to provide over 2,200 homes for low-income families, seniors, and individuals with special needs. 54 communities and over 2,000 apartment homes are currently under direct RCD ownership or control. While RCD contracts with other independent property management companies to handle the day-to-day rental operations of properties it controls, RCD retains overall asset management responsibility of its real estate assets, as well as coordinates a wide range of supportive services including, but not limited to, counseling, education, case management, drug and alcohol therapy groups, and eviction prevention support.

RCD is also affiliated with and under common board control with other not-for-profit corporations which have been formed either as supporting entities to RCD, or as instruments to further RCD's organizational objectives. These entities, which are included in the combined financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP), are as follows:

- RCD, the co-member of Oxford Street Development, LLC, which is accounted for under the equity method of accounting. Oxford Street Development, LLC was subsequently dissolved in November 2015.

- RCD, the general partner in following partnerships:

| | |
|-----------------------------------|---|
| Adeline Street Apartments, L.P. | Northgate Grand View, L.P. |
| Albany Creekside Apartments, L.P. | Oxford Plaza, L.P. |
| Bella Monte Apartments, L.P. | Pinecrest Affordable Housing, L.P. |
| Camara Housing Associates, L.P. | Seminary Havenscourt, L.P. |
| Drachma Housing Associates | Stanley Avenue Affordable Housing, L.P. |
| Housing Alliance, L.P. | The Breakers at Bayport, L.P. |
| Lakeside Apartments, L.P. | Villa Vasconcellos, L.P. |
| Laurel Garden Partners | |

- RCD, also the sole member of following limited liability companies:

Ambassador Homes, LLC
Fox Courts, LLC
Oxford Commercial, LLC (formed 11/14/2014)
RCD GP, LLC

- RCD, the limited partner in following partnerships:

112 Alves Lane Partners
Church Lane-Rubicon Partners, L.P. (commencing October 31, 2014)
Harrison Hotel Associates
Idaho Apartments Associates, L.P. (commencing October 31, 2014)

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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- Not-for-profit corporations, recipients of grants and/or loans mainly from the U.S. Department of Housing and Urban Development (HUD), for the rehabilitation and/or construction of housing properties in California, and owners and operators of affordable housing properties in California:

| | |
|-------------------------------|-----------------------------|
| 3250 Sacramento Housing, Inc. | Dwight Way Housing, Inc. |
| Alvarez Court, Inc. | Eastmont Court, Inc. |
| Aspen Drive Housing, Inc. | Jubilee Senior Homes, Inc. |
| Bay Bridge Corporation | Rosevine, Inc. |
| Bonifacio Place, Inc. | Vernon Street Housing, Inc. |

- Single-purpose not-for-profit organizations or limited liability companies (LLCs) holding a controlling general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing:

| <i>Not-For-Profit Corporation/LLCs</i> | <i>Limited Partnership(s)</i> |
|--|--|
| 112 Alves Lane, Inc. ⁺ | Berrellesa Palms, L.P. Los Medanos, L.P. Shinsei Gardens Apartments, L.P. UA Homes, L.P. |
| Ambassador Homes, LLC Fox Courts, LLC Harrison Hotel, Inc. | The Ambassador, L.P. Fox Courts, L.P. 112 Alves Lane Partners [*] Harrison Hotel Associates [*] |
| RCD GP, LLC | 1701 MLK, L.P. Ashland Family Housing, L.P. Church Lane-Rubicon Partners, L.P. (commencing October 31, 2014) Coliseum Place, L.P. (formed December 16, 2015) Embark Apartments, L.P. (formed April 20, 2015) Idaho Apartments Associates, L.P. (commencing October 31, 2014) Ohlone Gardens, L.P. Riviera Family Apartments, L.P. Stargell Commons, L.P. (formed February 20, 2015) |
| RCD Housing, LLC ⁺ | UACH, L.P. Arbors Preservation, L.P. East 11 th L.P. Eldridge, L.P. The Alameda Islander, L.P. |
| South Berkeley Community Housing Development Corporation UA Housing, Inc. ^Δ | William Byron Rumford Sr. Plaza Associates University Avenue Partnership (dissolved on June 30, 2014) [^] |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

+ 112 Alves Lane, Inc. is the sole member of RCD Housing, LLC., and the limited partner in the following partnerships:

1701 MLK, L.P. (112 Alves Lane, Inc. withdrew its limited partnership interest in July 2014.)
Coliseum Place, L.P.
Embark Apartments, L.P.
Riviera Family Apartments, L.P.
Stargell Commons, L.P.
William Byron Rumford Sr. Plaza Associates

* Effective January 1, 2011 and December 31, 2011, Harrison Hotel, Inc. holds a controlling interest of 99% in 112 Alves Lane Partnership and Harrison Hotel Associates, respectively.

^ University Avenue Partnership sold the affordable housing project to UACH L.P. in January 2014, and was dissolved on June 30, 2014.

Δ UA Housing, Inc. was subsequently dissolved on September 24, 2015.

• Other not-for-profit corporations, owners and operators of affordable housing properties in California:

All Housing, Inc.
Drachma Housing, Inc.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

Not-for-profit Corporations

The combined financial statements include the accounts of RCD and other not-for-profit entities that are commonly controlled by RCD's board of directors, including those not-for-profit entities that are majority controlled by RCD. All material intercompany balances and transactions have been eliminated in the combined financial statements.

Limited Partnerships/Limited Liability Companies (LLCs)

Assets, liabilities, and partners' equity of partnerships or LLCs that are controlled by RCD or its affiliated not-for-profit entities (the Organization) are included in the combined financial statements. The partners' equity of the partnerships are divided into two types: unrestricted – controlling interests (the portion held by the Organization) and unrestricted – noncontrolling interests (the portion held by third parties, typically limited partners). All material intercompany balances and transactions have been eliminated in the combined financial statements.

The Organization's general partnership interests generally range from .01% to 1.0% with the remainder of the partnership's equity held by one or more limited partner(s) and shown as non-controlling interests in unrestricted net assets except for the limited partnership interests held by RCD and its affiliates which are shown as controlling interests in unrestricted net assets.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

Partnerships or LLCs over which the Organization exercises significant influence, but not control are included in the combined financial statements using the equity method of accounting. Under the equity method, the Organization's share of the net equity in the partnerships or LLCs is shown as an asset (Investment in other companies) or liabilities (Share of pass-through losses in excess of assets of other companies), rather than including all the partnerships' assets, liabilities, and partners' equity in the combined financial statements, as is done with partnerships that are controlled by the Organization. Intercompany balances and transactions are not eliminated under the equity method.

Accounting Method

RCD and affiliates use the accrual method of accounting which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Estimates

The preparation of combined financial statement in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the combined financial statement and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Basis of Presentation

RCD reports information regarding its combined financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets, if applicable. There were no permanently restricted net assets as of June 30, 2015 and 2014.

The combined financial statements generally reflect the same classification of net assets as appears on the individual financial statements of each affiliated company, except for the unamortized portion of forgivable loans from HUD under the Section 202 and 811 programs and similar forgivable loans from other lenders which are recorded as temporarily restricted net assets (see Note 13) herein. Most of the affiliated entities' net assets are treated as unrestricted net assets at the individual company level of financial reporting because donations to those companies contain purpose restrictions which are consistent with the purpose of each company.

Revenue Recognition

Rental income is shown at its maximum gross potential net of vacancy losses and concessions. Rental units occupied by employees are included in rental income and as an expense of operations.

Developer fees for development of multi-family rental projects are recognized when earned. RCD recognizes the developer fees by considering the level of effort exerted by the Organization personnel during various phases of project development as follows:

- Generally 30% of each anticipated total developer fee is recorded during the predevelopment phase equally over the estimated number of months before the construction period begins;
- Generally 55% is recorded throughout the construction period equally over the estimated number of months of construction; and
- Generally 15% is recorded equally over the estimated number of months during the post construction phase starting after construction is completed through the date when the Internal Revenue Service Form 8609 is obtained, or its equivalent, to signify completion of the development process.

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Since developer fees recognized by RCD are paid by affiliates or subsidiaries included herein, the profit portion of such fees must be eliminated from the combined financial statements. RCD estimates that as of June 30, 2015 and 2014, 46% of its development fees have historically covered related direct and indirect project costs incurred by RCD. Project costs include costs of development such as consultants, allocated internal salaries and benefits, related overhead and other non-reimbursed fees that would ordinarily be capitalized under accounting principles generally accepted in the United States of America. The remaining 54% of developer fees recognized by RCD, which represents intercompany profits, and related depreciation are therefore eliminated.

Government contracts, which are funded on a reimbursement basis, are generally shown as unrestricted revenue. Government grants from federal agencies for development purposes are recognized as temporarily restricted contributions and released over the compliance period.

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as unrestricted support, temporarily restricted support, or permanently restricted support, depending on the absence or existence of donor imposed restrictions as applicable. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the combined statement of activities as net assets released from restrictions.

Business Combination

At the time of acquisition, RCD and affiliates consider whether the acquisition represents an acquisition of a business. RCD and affiliates account for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. When the acquisition of a partnership does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values.

RCD and affiliates account for each business combination by applying the acquisition method. RCD and affiliates measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. For each business combination, RCD and affiliates measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. When a business combination involves an acquisition of affordable housing and related projects with long term restrictions on affordability and use, unless appraisals are available to identify the acquisition-date fair value, RCD and affiliates measure the identifiable assets acquired, liabilities assumed and non-controlling interests, if any, at their acquisition-date carrying values, adjusted for any estimated goodwill or impairment, because generally there is no readily available market information with similar terms and restrictions.

Goodwill

Goodwill resulted from the acquisition of affiliates through a business combination for an amount in excess of the fair value of the net assets acquired. Goodwill at June 30, 2015 and 2014, totaled \$4,789,397. Goodwill is not amortized, but is evaluated for impairment annually or when indicators of a potential impairment are present. The annual evaluation for impairment of goodwill is based on valuation models that incorporate assumptions and internal projections of expected future cash flows and operating plans.

Management Revenue and Related Accounts

RCD provides asset management, social services coordination and other services. Income is earned in accordance with the terms of the agreements and recorded as revenue. Such intercompany revenue has been eliminated in the combined financial statements.

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Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, only investments with original maturities of three months or less qualify as cash equivalents. Not included as cash and cash equivalents are funds restricted as to their use, regardless of liquidity, such as restricted cash, escrow deposits, replacement reserves, operating reserves, tenant security deposits, transition reserves, service reserves, residual receipts, and sinking funds.

RCD and affiliates occasionally maintain cash on deposit at a financial institute in excess of the Federal Deposit Insurance Corporation limit or Securities Investor Protection Corporation limit from time to time. The uninsured cash and investment balance, including restricted accounts, was approximately \$5,100,000 and \$7,800,000 as of June 30, 2015 for RCD and affiliates, respectively. RCD and affiliates have not experienced any losses in such accounts, and management does not anticipate any losses in the future.

Accounts Receivable

Management elects to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would have been obtained had the allowance method been followed.

Fair Value Measurements

Under accounting principles generally accepted in the United States of America, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

GAAP establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of the Organization. Unobservable inputs, if any, reflects the Organization's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that the Organization has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

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The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Marketable securities held by the Organization consisted of certificates of deposits and are stated at fair value using quoted prices in active markets for identical assets, which is deemed to be a Level 1 input, and totaled \$200,036 and \$499,890 as of June 30, 2015 and 2014, respectively.

Investments in Other Companies/Share of Pass-Through Losses in Excess of Assets of Other Companies

Investments in other companies, over which the Organization's board of directors are not deemed to have majority control, are accounted for using the equity or cost method of accounting depending upon the existence or absence of significant influence.

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of accounts and other receivable, notes payable, equity investments and financial guarantees because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms.

Land

Purchased land is carried at cost. Donated land is carried at estimated fair market value at the date of donation.

Developments in Progress

RCD and affiliates incur costs during the predevelopment phase of each affordable housing project undertaken. Such costs include governmental fees, legal and consulting fees, and supplies needed to investigate the feasibility and arrange for the financing of each project under consideration, as well as construction costs. RCD and affiliates record these costs as assets (development in progress) and the costs are usually recoverable from the project, either from loan proceeds, limited partner contributions or residual receipts generated by project operations. Housing project development costs are considered to be development in progress until the housing project is placed in service. Development in progress is not depreciated until the completion of the development.

Any funds expended on a project that do not pass beyond the predevelopment stage are recorded as expenses when activity on the project ceases. RCD and affiliates estimate that no portion of these program development advances are uncollectible as of June 30, 2015 and 2014.

Property and Equipment, and Deferred Costs

Property and equipment are stated at cost of acquisition, construction, or fair value if donated. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

Deferred costs are incurred in order to obtain permanent financing and tax credits for housing projects. The costs are stated at cost and amortized on a straight-line basis.

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The useful lives of the assets are estimated as follows:

| | |
|--------------------------------------|----------------|
| Building and improvements | 12 to 40 years |
| Personal property at rental projects | 7 to 10 years |
| Leasehold improvements | 4 to 55 years |
| Office equipment | 5 to 10 years |
| Permanent loan costs | 20 to 59 years |
| Tax credit costs | 10 years |

In accordance with GAAP, RCD and affiliates review their investments in rental real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2015 and 2014.

Capitalized Interest

RCD and affiliates capitalized interest incurred during construction as a component of development in progress and building and improvement costs. RCD and affiliates capitalized interest of \$1,081,293 and \$1,004,556 in 2015 and 2014, respectively.

Derivative Financial Instruments

RCD and its affiliates account for hedge transactions in accordance with GAAP for *Accounting for Derivative Instruments and Hedging Activities*, requiring that derivative instruments (including certain derivative instruments embedded in other contracts) be recorded in the combined statements of financial position as either an asset or liability measured at their estimated fair value. The interest rate swap contracts entered into by RCD and its affiliates qualify as derivative instruments in accordance with GAAP. The gain or loss on the swap contracts is recognized in earnings in the period of change.

Accounting for Leases

Leasehold interests of several combined entities are not subject to capitalization and thus are accounted for as operating leases. Prepaid ground leases are amortized over the respective lease terms.

Income Taxes

RCD and its affiliated non-for-profit entities are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the related California code sections. In addition, contributions to the Organization qualify for the charitable contribution deduction. The income or loss from the partnerships is reported by the partners on their income tax returns.

No income tax provision has been included in the combined financial statements for the single member limited liability companies (LLCs) which are generally considered disregarded entities. The income and loss of the LLCs is included in the tax returns of their respective sole members. Only the annual California limited liability company minimum tax and the fee appear as expense in the combined financial statements.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
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RCD and affiliates believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the combined financial statements. The RCD and affiliates' federal and state income tax and information returns for the years ended June 30, 2011 through 2014 are subject to examination by the Internal Revenue Service and the California Franchise Tax Board, generally for three years and four years after they were filed for federal and state, respectively.

Guarantees

Generally accepted accounting principles require a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued after December 31, 2002. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control (see Note 17).

Allocation of Partnership Income/Loss and Tax Credits

The affiliated partnerships are generally expected to generate low-income housing credits, which will be allocated in the same manner as the income or loss of each partnership. Because the limited partners' losses are limited to their investments, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in an amount sufficient to absorb the losses. All remaining losses are allocated to the general partners. Any subsequent income allocable to the limited partners is allocated to the general partners first until the general partners share of that income offsets the losses not previously recognized by the limited partners.

Functional Expenses Allocation

The costs of providing program services and supporting services are summarized on a functional basis in the combined statements of activities. Accordingly, certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Program services include all expenses relating to management of properties, and resident services. Supporting services consist of management and general expenses and fundraising expenses.

Related-Party Transactions

Most related-party transactions have been eliminated in the combined financial statements. The remaining related-party transactions are not material.

Subsequent Events

Management has evaluated subsequent events through December 17, 2015, the date on which the combined financial statements were available to be issued.

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable as of June 30, 2015 and 2014 consist of the following:

| | 2015 | 2014 |
|---------------------------|------------|------------|
| Tenant and subsidies | \$ 209,525 | \$ 231,367 |
| Refundable property taxes | 167,979 | 293,076 |
| Others | 182,610 | 278,761 |
| Total | \$ 560,114 | \$ 803,204 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
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NOTE 4 – PREPAID EXPENSES AND DEPOSITS

Prepaid expenses and deposits as of June 30, 2015 and 2014 consist of the following:

| | 2015 | 2014 |
|--------------------------------|-------------------|-------------------|
| Audit and tax preparation fees | \$ 153,400 | \$ 90,850 |
| Deposits | 27,644 | 26,924 |
| Escrow deposits | 100,000 | 25,100 |
| Insurance expenses | 154,656 | 144,815 |
| Payroll advances | - | 25,006 |
| Asset management fees | 105,393 | - |
| Other | 113,902 | 129,956 |
| Total | <u>\$ 654,995</u> | <u>\$ 442,651</u> |

NOTE 5 – IMPOUNDS

Certain properties are required to make deposits to impound accounts to cover property tax and insurance premiums in accordance with the lenders' regulatory agreements. Impound balances as of June 30, 2015 and 2014 consist of the following:

| | 2015 | 2014 |
|------------------------------|------------------|------------------|
| Property taxes | \$ 16,469 | \$ 17,090 |
| Property liability insurance | 43,003 | 41,021 |
| Earthquake insurance | 11,475 | 11,953 |
| Total | <u>\$ 70,947</u> | <u>\$ 70,064</u> |

NOTE 6 – RESTRICTED CASH AND DEPOSITS

Restricted cash and deposits as of June 30, 2015 and 2014 consist of the following:

| | 2015 | 2014 |
|------------------------------|----------------------|----------------------|
| Operating reserves | \$ 5,659,085 | \$ 4,575,223 |
| Replacement reserves | 6,895,375 | 5,968,112 |
| Tenant security deposits | 1,022,097 | 965,307 |
| Transition reserves | 1,751,882 | 1,710,636 |
| Debt service accounts | 160,045 | 232,161 |
| Service reserves | 1,328,048 | 1,228,344 |
| Commercial TI reserves | 57,180 | 230,079 |
| Residual receipts and others | 2,330,720 | 2,502,576 |
| Total | <u>\$ 19,204,432</u> | <u>\$ 17,412,438</u> |

Operating and Replacement Reserves

RCD and affiliates are required to maintain operating reserves as well as replacement and repair reserves for property and equipment in accordance with partnership and other lenders' regulatory agreements.

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Tenant Security Deposits

RCD and affiliates are required to hold security deposits in separate bank accounts in the name of the properties.

Transition Reserve

Certain properties maintain a Section 8 transition reserve in accordance with the respective partnership agreements and other lenders' regulatory agreements, or shelter care transition reserve from the cost savings.

Debt Service Accounts

Certain properties are required to make deposits to debt service accounts to cover mortgage payments.

Services Reserve

Certain properties are required to maintain a services reserve to be applied toward the provision of services in accordance with the annual budget for services in accordance with respective partnership agreements and other lenders' regulatory agreements.

Commercial TI Reserves

Certain properties are required to maintain a commercial tenant improvement reserve in accordance with the respective partnership agreement and other lenders' regulatory agreements.

Residual Receipts

Certain properties are required to deposit excess cash, as generally defined by HUD, into separate bank accounts in accordance with the HUD regulatory agreements.

NOTE 7 – DEVELOPMENT IN PROGRESS

The developments in progress as of June 30, 2015 and 2014 consist of the following projects:

| | 2015 | 2014 |
|----------------|----------------------|----------------------|
| 1701 MLK | \$ 7,533,647 | \$ 1,029,138 |
| Ashland | 24,467,019 | 6,942,411 |
| Bella Monte | - | 206,695 |
| Ohlone Gardens | 21,787,698 | 5,526,342 |
| UACH | 173,364 | 6,376,107 |
| Riviera | 862,137 | 193,271 |
| Stargell | 845,336 | - |
| Other projects | 239,229 | 274,402 |
| Total | <u>\$ 55,908,430</u> | <u>\$ 20,548,366</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
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NOTE 8 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as of June 30, 2015 and 2014 as follows:

| | 2015 | 2014 |
|---|-----------------------|-----------------------|
| Building and improvements | \$ 413,750,297 | \$ 392,284,834 |
| Personal property at rental projects | 7,170,139 | 6,511,048 |
| Leasehold improvements | 368,927 | 368,927 |
| Office equipment | 277,808 | 255,060 |
| | <u>421,567,171</u> | <u>399,419,869</u> |
| Less: accumulated depreciation and amortization | (84,728,798) | (72,924,356) |
| Total property and equipment | <u>\$ 336,838,373</u> | <u>\$ 326,495,513</u> |

Depreciation and amortization of property and equipment and leasehold improvements totaled \$11,865,890 and \$10,131,411 for the years ended June 30, 2015 and 2014, respectively.

NOTE 9 – DEFERRED COSTS

Deferred costs as of June 30, 2015 and 2014 are summarized as follows:

| | 2015 | 2014 |
|---|---------------------|---------------------|
| Permanent loan costs | \$ 3,452,455 | \$ 2,922,420 |
| Tax credit fees | 1,553,851 | 1,526,794 |
| Prepaid ground lease and others (see Note 15) | 136,333 | 135,229 |
| | <u>5,142,639</u> | <u>4,584,443</u> |
| Less: accumulated amortization | (1,641,993) | (1,362,938) |
| Total | <u>\$ 3,500,646</u> | <u>\$ 3,221,505</u> |

Amortization of deferred costs totaled \$272,015 and \$201,500 for the years ended June 30, 2015 and 2014, respectively.

NOTE 10 – INVESTMENT IN OTHER COMPANIES / SHARE OF PASS-THROUGH LOSSES IN EXCESS OF ASSETS OF OTHER COMPANIES

RCD was a member of Oxford Street Development, LLC (OSD) with a 50% interest. During December 2014 OSD sold all property and equipment to its members/affiliates of members. OSD was dissolved in November 2015.

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The financial position and activities of OSD are accounted for under the equity method of accounting and is summarized below based on the latest information available:

| | <i>(For Information Only – Unaudited)</i> | |
|---------------------------------|---|---------------|
| | 2015 | 2014 |
| Total assets | \$ 717,658 | \$ 33,669,714 |
| Total liabilities | 180,913 | 39,980,863 |
| Members' capital ⁽¹⁾ | 536,745 | (6,311,149) |
| | | |
| Total revenue | 12,547,891 | 827,615 |
| Total expenses | 5,535,989 | 1,869,961 |
| Results of operation | 7,011,902 | (1,042,346) |

⁽¹⁾ RCD's share of this equity, as of June 30, 2015 and 2014 was \$297,085 and \$(867,923), respectively.

NOTE 11 – NOTES PAYABLE

Notes payable as of June 30, 2015 and 2014 are generally secured by the respective properties and consist of the following:

| | 2015 | | 2014 | |
|---|-------------------------|------------------|-------------------------|------------------|
| | <i>Interest Payable</i> | <i>Principal</i> | <i>Interest Payable</i> | <i>Principal</i> |
| <u>Notes payable with regular payments</u> | | | | |
| Permanent loans, bearing interest from 1% to 10.04%, generally with principal and interest due monthly, to be repaid in full through 2045. Interest expense was \$1,939,302 and \$1,704,197 for 2015 and 2014, respectively. | \$ 171,236 | \$ 44,735,530 | \$ 132,360 | \$ 27,256,749 |
| Construction loans, bearing variable interest, generally with interest only payments due monthly, to be repaid in full or partially converted to permanent loans through 2016. Interest cost was \$1,011,352 and \$785,928 for 2015 and 2014, respectively. ⁽¹⁾ | 111,117 | 37,173,698 | 82,689 | 43,767,831 |
| Bonds, bearing interest of 6.75%, generally with principal and interest paid monthly, to be repaid in full through 2032. Principal payments are generally accumulated in a principal fund held by a trustee. Interest cost was \$128,232 and \$131,994 for 2015 and 2014, respectively. | 1,806 | 1,990,000 | 1,863 | 2,090,000 |
| Other loans, bearing interest from 0% to 25%, generally with principal and interest due monthly, to be repaid in full through 2051. Interest cost was \$148,748 and \$144,833 for 2015 and 2014, respectively. | 199,142 | 3,832,423 | 134,174 | 2,119,411 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
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| | 2015 | | 2014 | |
|--|-------------------------|------------------|-------------------------|------------------|
| | <i>Interest Payable</i> | <i>Principal</i> | <i>Interest Payable</i> | <i>Principal</i> |
| <u><i>Notes payable with annual payments from available excess cash</i></u> | | | | |
| Local loans, bearing interest from 0% to 6%, generally payable out of excess cash annually in arrears, to be repaid in full through 2073. Interest cost was \$1,120,026 and \$997,912 for 2015 and 2014, respectively. | 13,025,239 | 29,877,913 | 11,887,119 | 24,956,550 |
| California Department of Housing and Community Development (HCD) Multifamily Housing Program (MHP) and California Housing Rehabilitation Program (CHRP) loans, bearing interest of 0% to 3%, generally with principal and interest due annually out of excess cash in arrears. Additional repayment is also to be made from available excess/distributable in arrears, to be repaid in full through 2070. Interest cost was \$1,617,546 and \$1,602,491 for 2015 and 2014, respectively. | 10,481,374 | 62,522,794 | 9,330,741 | 56,580,372 |
| Community Development Block Grant Program (CDBG) loan, bearing interest from 0% to 8.74%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2071. Interest cost was \$444,744 and \$381,872 for 2015 and 2014, respectively. | 4,596,145 | 6,448,373 | 3,781,581 | 5,825,394 |
| HOME Investment Partnerships Program (HOME) loans, bearing interest from 0% to 6%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2071. Interest cost was \$1,212,855 and \$1,056,160 for 2015 and 2014, respectively. | 11,187,079 | 43,677,758 | 9,754,076 | 39,977,291 |
| Housing Opportunities for Persons with AIDS Program (HOPWA) loans, bearing interest from 0% to 3%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2071. Interest cost was \$171,146 and \$134,665 for 2015 and 2014, respectively. | 1,171,557 | 8,009,040 | 885,455 | 7,204,020 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
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| | 2015 | | 2014 | |
|--|-------------------------|------------------|-------------------------|------------------|
| | <i>Interest Payable</i> | <i>Principal</i> | <i>Interest Payable</i> | <i>Principal</i> |
| Successor agencies to the Redevelopment Agency (RDA) of various cities loans, from 0% to 7%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2068. Interest cost was \$1,322,719 and \$1,134,306 for 2015 and 2014, respectively. | 9,436,969 | 69,581,861 | 8,148,500 | 63,582,252 |
| <i>Notes payable with repayments due at maturity</i> | | | | |
| Affordable Housing Program (AHP), bearing no interest, with principal payments generally deferred through 2069, at which time outstanding principal may be forgiven at the lenders' discretion. | - | 5,915,800 | - | 5,976,241 |
| Mental Health Services Act Program (MHSA) loans, bearing interest from 0% to 3%, generally to be repaid in full through 2069. Interest cost was \$96,631 and \$84,288 for 2015 and 2014, respectively. | 358,503 | 3,921,030 | 272,879 | 3,921,030 |
| Total | 50,740,167 | 317,686,220 | 44,411,437 | 283,257,141 |
| Less: current portion | (846,242) | (2,711,600) | (736,795) | (1,737,671) |
| Non-current portion | \$ 49,893,925 | \$ 314,974,620 | \$ 43,674,645 | \$ 281,519,470 |

(1) Construction loans are generally refinanced with permanent debt or repaid from investor capital contributions. RCD and affiliates obtained written commitments from refinance lenders and/or investors, and presented the balances as part of the long-term debt accordingly.

Principal payments toward notes payable for the next five years are subject to changes in net cash flow which is a contingency that cannot be reasonably estimated. Minimum required payments are estimated as follows:

| <u>Year ending June 30,</u> | <u>Principal Payments</u> |
|-----------------------------|-------------------------------|
| 2016 | \$ 2,711,600 |
| 2017 | 2,934,997 |
| 2018 | 3,524,924 |
| 2019 | 2,574,913 |
| 2020 | 2,849,949 |

NOTE 12 – DERIVATIVE FINANCIAL INSTRUMENTS

RCD and affiliates entered into various interest rate swap master agreements to potentially minimize the effect of changes in the variable interest rate of permanent loans. The banks have estimated the fair value of the swaps as of June 30, 2015 and 2014, by discounting the estimated net interest receipts and payments during the remaining life of the swaps.

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Interest swap transactions related details are as follows:

| | 2015 | 2014 |
|-----------------------------|-------------------|-------------------|
| Effective date | 2009 through 2016 | 2009 through 2016 |
| Termination date | 2016 through 2040 | 2015 through 2040 |
| Initial notional amount | \$ 23,221,872 | \$ 23,588,023 |
| Outstanding notional amount | \$ 37,366,200 | \$ 25,615,246 |
| Variable interest rate | USD-LIBOR-BBA | USD-LIBOR-BBA |
| Fixed interest rate | 0.85% to 5.17% | 0.71% to 5.17% |

The following table sets forth a summary of changes in the fair value of the Level 3 derivatives for the years ended June 30, 2014 and 2013:

| | 2015 | 2014 |
|---|-----------------------|-----------------------|
| Beginning balance | \$ (3,789,582) | \$ (2,589,626) |
| Total gain or losses (realized/unrealized) included in earnings | (538,189) | 58,309 |
| Purchases, issuances, sales, and settlements | (47,481) | (1,258,265) |
| Ending balance | <u>\$ (4,375,252)</u> | <u>\$ (3,789,582)</u> |

Gain (loss) from derivative financial instruments is included in loss from investments in the combined statements of activities.

Valuation: Union Bank

Certain derivative financial instruments held by RCD and its affiliates are stated at fair value using quoted prices provided by Union Bank. The valuation of each transaction is determined by using a valuing system called Calypso, which uses market data to project the future floating interest rates and for discounting purposes. The future floating interest rates are discounted to the present value and swapped with the fixed side of interest rate to determine the fair market value.

The Level 3 unobservable inputs used in the valuation model include:

- 1) Future floating interest rates and discount rates are projected based on market data imported into the system Calypso from Reuter or Bloomberg, and
- 2) Both future floating interest rates and discount rates are deemed to be propriety information and are not disclosed by Union Bank.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

Management reviews reasonableness of Union Bank's valuation by calculating the net present value of projected future cash flows using the US Daily Interest Rate Data for interest rate swaps as of June 30, 2015 and 2014. Significant assumptions follow:

| | 2015 | 2014 |
|---|---------------|---------------|
| 1) Average projected variable rate through 2040 | 0.16% – 2.83% | 0.13% – 3.42% |
| 2) Discount rate | 1% | 1% |

Valuation: Wells Fargo Bank

Certain derivative financial instruments held by RCD and its affiliates are stated at fair value using quoted prices provided by Wells Fargo Bank. The valuation of each transaction is a mathematical approximation of market value derived by Wells Fargo Bank based on certain assumptions regarding past, present and future market condition and other available financial information.

The application of valuation models, which may be proprietary, takes into account Level 1, Level 2 and Level 3 inputs. Level 1 and Level 2 inputs are market-based including swap rates, basis rates and foreign exchange rates from sources that Wells Fargo Bank believes to be reliable. Level 3 inputs may be used if Wells Fargo Bank determines that Level 1 and Level 2 inputs are unavailable or, in illiquid or dislocated markets, unreliable. In general, these inputs are used to construct interest rate, currency exchange rate, commodity price or other curves that are placed into proprietary valuation models to derive the valuation.

The Level 3 unobservable inputs used in the proprietary valuation model include:

- 1) Through December 15, 2025, monthly forward rates ranges and average monthly changes for 2015 and 2014:

| | 2015 | 2014 |
|---------------------------|---------------------|---------------------|
| 1) Monthly forward rates | 0.15006% – 2.66004% | 0.12382% – 3.23077% |
| 2) Average monthly change | 0.91% | 0.89% |

- 2) Discount rates for present value purposes are constructed using rates associated with funding or maintaining swap positions or supporting collateral or margin arrangements, which may be based on LIBOR rates, federal funds rates, overnight index swap curves or another appropriate measure. The discount rates are deemed to be propriety information and are not disclosed by Wells Fargo Bank.

Management reviews reasonableness of Wells Fargo Bank's valuation by calculating the net present value of projected future cash flows using the US Daily Interest Rate Data for interest rate swaps as of June 30, 2015 and 2014. Significant assumptions follow:

| | 2015 | 2014 |
|---|---------------|---------------|
| 1) Average projected variable rate through 2040 | 1.97% – 2.05% | 2.11% – 2.33% |
| 2) Discount rate | 1% | 1% |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 13 – TEMPORARILY RESTRICTED NET ASSETS

The temporarily restricted net assets are for the following purposes or periods:

| | <i>June 30, 2014</i> | <i>Contributions</i> | <i>Released from Restrictions</i> | <i>June 30, 2015</i> |
|--|----------------------|----------------------|---------------------------------------|----------------------|
| Affordable housing activities: | | | | |
| Development costs | \$ 266,826 | \$ 99,852 | \$ (121,927) | \$ 244,751 |
| Asset management/resident services | 43,628 | 25,000 | (60,838) | 7,790 |
| HUD capital advances and forgivable loans ⁽¹⁾ | 12,763,567 | - | (473,483) | 12,290,084 |
| ARRA Recoverable Grant ⁽²⁾ | 1,486,563 | - | (119,724) | 1,366,839 |
| | <u>\$ 14,560,584</u> | <u>\$ 124,852</u> | <u>\$ (775,972)</u> | <u>\$ 13,909,464</u> |

| | <i>June 30, 2013</i> | <i>Contributions</i> | <i>Released from Restrictions</i> | <i>June 30, 2014</i> |
|--|----------------------|----------------------|---------------------------------------|----------------------|
| Affordable housing activities: | | | | |
| Development costs | \$ 66,248 | \$ 300,740 | \$ (100,162) | \$ 266,826 |
| Asset management/resident services | 757 | 75,000 | (32,129) | 43,628 |
| General support for future periods | - | 70,000 | (70,000) | - |
| HUD capital advances and forgivable loans ⁽¹⁾ | 13,315,942 | - | (552,375) | 12,763,567 |
| ARRA Recoverable Grant ⁽²⁾ | 1,606,287 | - | (119,724) | 1,486,563 |
| | <u>\$ 14,989,234</u> | <u>\$ 445,740</u> | <u>\$ (874,390)</u> | <u>\$ 14,560,584</u> |

⁽¹⁾ HUD capital advances and forgivable loans – HUD has granted capital advances to certain multi-family properties under the Section 202 or Section 811 programs. These advances are secured by deeds of trust with assignment of rents. The capital advances bear no interest and shall be repayable if the properties do not remain available for very low-income housing through specific terms or the notes become due and payable by reason of default under the regulatory agreements. In the event of noncompliance with affordability provisions as described in the notes, interest and principal are payable on demand. The capital advances will not otherwise have to be repaid. Since the capital advances are expected to be forgiven, they are released over 40 years from temporarily restricted net assets to unrestricted net assets. Various lenders also provided forgivable loans to these multi-family properties under similar terms. The forgivable loans are released from temporarily restricted net assets to unrestricted net assets over the lesser of the estimated useful lives or the compliance periods ranging from 15 to 60 years.

⁽²⁾ ARRA Recoverable Grant – The federal recoverable grant was awarded to a qualifying multi-family property to finance the renovation project. The recoverable grant shall be repayable if the property does not remain available for low-income housing through specific terms or by reason of default under the recoverable grant agreement. In the event of noncompliance, as described in the recoverable grant agreement, the recoverable grant will be payable on demand; otherwise, it will not need to be repaid. Since the property is expected to comply with the recoverable grant provisions, the recoverable grant will be released over 15 years from temporarily restricted net assets to unrestricted net assets.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 14 – RETIREMENT PLAN

RCD maintains a defined contribution pension plan under Internal Revenue Service Code Section 401(k) covering employees of RCD only, not its affiliates, who work at least 20 hours per week and eligible employees are fully vested after three years. RCD may make matching contributions equal to a discretionary percentage, of the participant's elective deferrals. Total contributions made to the plan for the years ended June 30, 2015 and 2014 was \$40,352 and \$36,637 respectively.

NOTE 15 – LEASE COMMITMENTS

Master Lease

RCD entered into a master lease agreement with Oxford Street Development, LLC (“OSD”), an affiliated entity, to lease the development known as “Retail/Parking” from OSD. The lease commenced on April 1, 2009 and was termed to expire on March 31, 2048. Oxford Commercial LLC acquired the assets under the master lease and the master lease was terminated in December 2014.

Rental expense under the master lease for 2015 and 2014 was \$112,425 and \$223,347, respectively.

Properties Related Ground Lease

Certain limited partnerships have entered into ground lease agreements for the land on which the developments are located, which expire through 2081. The one-time payments made to the landlords for the leasehold interest in the properties are amortized over the respective lease terms. Annual amortization of prepaid leases was \$2,056 and \$3,506 for 2015 and 2014, respectively. The unamortized balance was \$135,229 and \$137,285 as of June 30, 2015 and 2014, respectively. Certain leases also require a nominal one-dollar a year rent to be paid by the limited partnerships and the properties are required to be used for low to moderate income housing.

Commercial Lease Income

RCD and its affiliates entered into various commercial lease agreements through 2030, with various options to extend the leases. Rental income recognized was \$390,814 and \$369,143 for the years ended June 30, 2015 and 2014, respectively.

The following is a schedule, by year, of total minimum lease payments receivable for the five years following June 30, 2015 and thereafter:

| | <u>Year ended June 30,</u> |
|------------|----------------------------|
| 2016 | \$ 383,792 |
| 2017 | 353,449 |
| 2018 | 351,688 |
| 2019 | 247,844 |
| 2020 | 246,775 |
| Thereafter | <u>501,286</u> |
| | <u>\$ 2,084,834</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 16 – FUNCTIONAL EXPENSES

Expenses for the years ended June 30, 2015 and 2014 are classified by function as follows:

| | 2015 | 2014 |
|------------------------|---------------|---------------|
| Program | \$ 35,648,221 | \$ 31,848,608 |
| Management and general | 1,652,374 | 1,184,738 |
| Fundraising | 145,404 | 204,486 |
| | \$ 37,445,999 | \$ 33,237,832 |

NOTE 17 – COMMITMENTS AND CONTINGENCIES

In connection with certain contributions, grants and loans, limits are placed on the occupancy of units in the rental projects owned by RCD and affiliates. Also during the normal course of business, RCD and affiliates entered into various contracts relating to the ongoing development projects.

Forgivable Loan

HCD had granted forgivable loans of \$753,544 for the acquisition and development of the Concord House project to RCD. These forgivable loans are secured by the property and are subject to repayment in the event the Project is not made available to low-income households until 2035.

Warranty Reserve

RCD is required to maintain a warranty reserve for repair and maintenance of Martin Luther King Plaza in accordance with the lender’s regulatory agreement. The warranty period expired in the fiscal year ended June 30, 2014. The balance of the reserve is held by the City of Oakland and RCD will be reimbursed from the reserve for any future qualified expenses.

Operating Deficit Guarantees and Tax Benefits Indemnifications

RCD has provided operating deficit guarantees as well as indemnifications with regard to tax benefits projected for its various affiliated entities and projects. RCD will cover operating deficits as needed up to a stated limit or fund a project to meet the minimum debt coverage ratio requirement. RCD does not require any collateral or other security from its related party and projects related to these guarantees. A reasonable estimate of the outstanding loan and operating deficit guarantees at June 30, 2015 and 2014 amounted to approximately \$6,075,000 and \$5,185,000, respectively. In addition, RCD has guaranteed an aggregate amount of approximately \$74,438,000 and \$82,975,000 to the limited investors for tax credits as of June 30, 2015 and 2014, respectively. Management believes that the likelihood of funding a material amount of any of the guarantees is remote.

Construction Loan Repayment and Completion Guarantees

In connections with various projects in development, RCD also agreed to provided construction loan repayment and completion guarantees. Since the financing sources for the construction loan repayments have been secured as of the report issuance date, management believes that the likelihood of being called on these guarantees is remote.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2015 AND 2014

NOTE 18 – BUSINESS COMBINATIONS

On October 31, 2014, to further RCD’s mission of creating and preserving affordable housing in the community, RCD and affiliates obtained control of two low-income housing tax credit limited partnerships through assuming 100% of partnership interests in Church Lane-Rubicon Partners, L.P. and Idaho Apartments Associates (the partnerships). The withdrawing partners of these partnerships assigned the partnership interests to RCD and its affiliate, RCD GP, LLC at no consideration in return.

Management accounted for the assignment of partnership interests as business combination achieved without transfer of consideration. Since the business combination involved an acquisition of affordable housing properties with long-term restrictions on affordability and use, there was no readily available market information with similar terms and restrictions. Thus, RCD and affiliates accounted for the assumption of partnership interests based on fair values determined by the independent appraisals of the assets acquired and liabilities assumed as of October 31, 2014, which took the long-term affordability and use restrictions into consideration. This resulted in the recognition of an inherent contribution amount to \$1,099,136 in the accompanying combined statements of activities.

Recognized amounts of the fair value of the identifiable assets and liabilities at the acquisition date were as follows:

| | |
|---|---------------------|
| Cash | \$ 227,267 |
| Accounts receivable | 9,345 |
| Property and equipment – fair value | 4,747,000 |
| Deferred costs | <u>12,157</u> |
| | 4,995,769 |
| | |
| Accounts payable | (69,356) |
| Management fees payable to general partner ⁽¹⁾ | (399,186) |
| Notes and interest payable | <u>(3,428,091)</u> |
| | |
| Inherent contribution amount ⁽²⁾ | <u>\$ 1,099,136</u> |

⁽¹⁾ Besides the inherent contribution amount of \$1,099,135, RCD GP LLC also recognized revenue of \$399,186 for the management fees receivable from the partnerships assigned by the withdrawing general partners.

⁽²⁾ On the combined statements of activities, the inherent contribution received was recorded as the excess of fair value of assets acquired over liabilities assumed in the donation of two partnerships and increased unrestricted net assets.

SUPPLEMENTARY INFORMATION

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2015 AND 2014

| | 2015 | | | | | | | |
|---|------------------------|--------------------------------------|----------------------|--------------------------------------|----------------------------------|-----------------------|---|---------------------------------|
| | <i>RCD Corporation</i> | <i>RCD Directly Owned Properties</i> | <i>RCD Total</i> | <i>Affiliated Housing Properties</i> | <i>Other Affiliated Entities</i> | <i>Subtotal</i> | <i>Reclassifications and Eliminations</i> | <i>RCD and Affiliates Total</i> |
| | ASSETS | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 4,707,004 | \$ 466,309 | \$ 5,173,313 | \$ 3,815,658 | \$ 354,189 | \$ 9,343,160 | \$ - | \$ 9,343,160 |
| Investment | 200,036 | - | 200,036 | - | - | 200,036 | - | 200,036 |
| Receivables: | | | | | | | | |
| Governments grants | 115,946 | 56,855 | 172,801 | - | - | 172,801 | - | 172,801 |
| Rent and others | 31,476 | 14,083 | 45,559 | 513,443 | 1,112 | 560,114 | - | 560,114 |
| Related parties | 4,464,881 | 2,867 | 4,467,748 | 2,000 | 1,098,590 | 5,568,338 | (5,568,338) | - |
| Prepaid expenses and deposits | 28,357 | 12,338 | 40,695 | 774,095 | 9,079 | 823,869 | (168,874) | 654,995 |
| Impounds | - | - | - | 70,947 | - | 70,947 | - | 70,947 |
| Total current assets | <u>9,547,700</u> | <u>552,452</u> | <u>10,100,152</u> | <u>5,176,143</u> | <u>1,462,970</u> | <u>16,739,265</u> | <u>(5,737,212)</u> | <u>11,002,053</u> |
| Non-current assets: | | | | | | | | |
| Restricted cash and deposits | 311,155 | 1,157,975 | 1,469,130 | 17,719,517 | 15,785 | 19,204,432 | - | 19,204,432 |
| Related-party receivables | 3,245,294 | - | 3,245,294 | - | - | 3,245,294 | (3,245,294) | - |
| Related-party notes and interest receivable | 11,926,596 | - | 11,926,596 | - | 1,183,922 | 13,110,518 | (13,110,518) | - |
| Land | - | 2,147,376 | 2,147,376 | 46,325,480 | 1,886,274 | 50,359,130 | - | 50,359,130 |
| Development in progress | 765,869 | 27,964 | 793,833 | 57,295,556 | - | 58,089,389 | (2,180,959) | 55,908,430 |
| Property and equipment – net | 45,982 | 12,687,415 | 12,733,397 | 336,132,978 | 3,147,560 | 352,013,935 | (15,175,562) | 336,838,373 |
| Deferred costs – net | - | 131,441 | 131,441 | 3,369,205 | - | 3,500,646 | - | 3,500,646 |
| Other investments | 19,343,415 | - | 19,343,415 | - | - | 19,343,415 | (19,343,415) | - |
| Investment in other companies | 297,085 | - | 297,085 | - | - | 297,085 | - | 297,085 |
| Goodwill | - | - | - | - | 4,789,397 | 4,789,397 | - | 4,789,397 |
| Total non-current assets | <u>35,935,396</u> | <u>16,152,171</u> | <u>52,087,567</u> | <u>460,842,736</u> | <u>11,022,938</u> | <u>523,953,241</u> | <u>(53,055,748)</u> | <u>470,897,493</u> |
| Total assets | <u>\$ 45,483,096</u> | <u>\$ 16,704,623</u> | <u>\$ 62,187,719</u> | <u>\$ 466,018,879</u> | <u>\$ 12,485,908</u> | <u>\$ 540,692,506</u> | <u>\$ (58,792,960)</u> | <u>\$ 481,899,546</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2015 AND 2014

| | RCD Directly | | 2015 | | | | | |
|---|----------------------------|---------------------|---------------|-------------------------------------|------------------------------|----------------|---------------------------------------|-----------------------------|
| | RCD Corporation | Owned Properties | RCD Total | Affiliated Housing Properties | Other Affiliated Entities | Subtotal | Reclassifications and Eliminations | RCD and Affiliates Total |
| | LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities: | | | | | | | | |
| Account payable and accrued expenses | \$ 170,579 | \$ 120,758 | \$ 291,337 | \$ 1,154,733 | \$ 923 | \$ 1,446,993 | \$ (2) | \$ 1,446,991 |
| Related-party payable | - | - | - | 7,410,609 | 530,837 | 7,941,446 | (7,871,986) | 69,460 |
| Construction payable | 250,658 | 341,755 | 592,413 | 11,126,256 | - | 11,718,669 | - | 11,718,669 |
| Notes payable – current portion | 478,255 | 438,623 | 916,878 | 1,894,722 | - | 2,811,600 | (100,000) | 2,711,600 |
| Interest payable – current portion | 13,955 | 413,318 | 427,273 | 423,325 | 68,515 | 919,113 | (72,871) | 846,242 |
| Deferred revenue | 68,224 | 6,344 | 74,568 | 99,347 | 160,666 | 334,581 | (168,873) | 165,708 |
| Total current liabilities | 981,671 | 1,320,798 | 2,302,469 | 22,108,992 | 760,941 | 25,172,402 | (8,213,732) | 16,958,670 |
| Long-term liabilities: | | | | | | | | |
| Share of pass-through losses in excess of assets of other companies | - | - | - | - | 3,600,505 | 3,600,505 | (3,600,505) | - |
| Related-party payable – net of long-term | 150,000 | - | 150,000 | 941,844 | 150,000 | 1,241,844 | (1,241,844) | - |
| Security and other deposits | 20,500 | 97,291 | 117,791 | 904,283 | 15,484 | 1,037,558 | - | 1,037,558 |
| Derivative financial instruments | - | - | - | 4,375,252 | - | 4,375,252 | - | 4,375,252 |
| Notes payable – net of current portion | 1,840,186 | 14,453,418 | 16,293,604 | 306,035,566 | 4,767,000 | 327,096,170 | (12,121,550) | 314,974,620 |
| Interest payable – net of current portion | 95,271 | 4,855,362 | 4,950,633 | 45,430,852 | 28,538 | 50,410,023 | (516,098) | 49,893,925 |
| Total long-term liabilities | 2,105,957 | 19,406,071 | 21,512,028 | 357,687,797 | 8,561,527 | 387,761,352 | (17,479,997) | 370,281,355 |
| Total liabilities | 3,087,628 | 20,726,869 | 23,814,497 | 379,796,789 | 9,322,468 | 412,933,754 | (25,693,729) | 387,240,025 |
| Net assets: | | | | | | | | |
| Unrestricted: | | | | | | | | |
| Controlling interests | 40,776,091 | (4,022,246) | 36,753,845 | (2,545,775) | 3,163,440 | 37,371,510 | (33,099,231) | 4,272,279 |
| Non-controlling interests | - | - | - | 76,477,778 | - | 76,477,778 | - | 76,477,778 |
| Total unrestricted | 40,776,091 | (4,022,246) | 36,753,845 | 73,932,003 | 3,163,440 | 113,849,288 | (33,099,231) | 80,750,057 |
| Temporarily restricted | 1,619,377 | - | 1,619,377 | 12,290,087 | - | 13,909,464 | - | 13,909,464 |
| Total net assets | 42,395,468 | (4,022,246) | 38,373,222 | 86,222,090 | 3,163,440 | 127,758,752 | (33,099,231) | 94,659,521 |
| Total liabilities and net assets | \$ 45,483,096 | \$ 16,704,623 | \$ 62,187,719 | \$ 466,018,879 | \$ 12,485,908 | \$ 540,692,506 | \$ (58,792,960) | \$ 481,899,546 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES

COMBINING SCHEDULES OF FINANCIAL POSITION

JUNE 30, 2015 AND 2014

| | | | 2014 | | | | | |
|--|------------------------|--------------------------------------|------------------|--------------------------------------|----------------------------------|-----------------|---|---------------------------------|
| | <i>RCD Corporation</i> | <i>RCD Directly Owned Properties</i> | <i>RCD Total</i> | <i>Affiliated Housing Properties</i> | <i>Other Affiliated Entities</i> | <i>Subtotal</i> | <i>Reclassifications and Eliminations</i> | <i>RCD and Affiliates Total</i> |
| | ASSETS | | | | | | | |
| Current assets: | | | | | | | | |
| Cash and cash equivalents | \$ 4,394,136 | \$ 580,561 | \$ 4,974,697 | \$ 2,375,422 | \$ 1,883 | \$ 7,352,002 | \$ - | \$ 7,352,002 |
| Investment | 499,890 | - | 499,890 | - | - | 499,890 | - | 499,890 |
| Receivables: | | | | | | | | |
| Governments grants | 136,704 | 73,133 | 209,837 | - | - | 209,837 | - | 209,837 |
| Rent and others | - | 81,112 | 81,112 | 722,092 | - | 803,204 | - | 803,204 |
| Related parties | 5,511,491 | 25,362 | 5,536,853 | - | 626,035 | 6,162,888 | (6,162,888) | - |
| Related party notes receivable – current portion | - | - | - | - | - | - | - | - |
| Prepaid expenses and deposits | 59,089 | 11,643 | 70,732 | 576,509 | 400 | 647,641 | (204,990) | 442,651 |
| Impounds | - | - | - | 70,064 | - | 70,064 | - | 70,064 |
| Total current assets | 10,601,310 | 771,811 | 11,373,121 | 3,744,087 | 628,318 | 15,745,526 | (6,367,878) | 9,377,648 |
| Non-current assets: | | | | | | | | |
| Restricted cash and deposits | 367,110 | 1,780,565 | 2,147,675 | 15,264,763 | - | 17,412,438 | - | 17,412,438 |
| Grants receivable – net of current portion | - | - | - | - | - | - | - | - |
| Notes receivable – net of current portion | - | - | - | - | - | - | - | - |
| Related-party receivables | 2,647,199 | - | 2,647,199 | - | - | 2,647,199 | (2,647,199) | - |
| Related-party notes and interest receivable | 8,636,156 | - | 8,636,156 | - | 1,172,673 | 9,808,829 | (9,808,829) | - |
| Prepaid expenses and deposits – net of current portion | - | - | - | - | - | - | - | - |
| Land | - | 2,147,376 | 2,147,376 | 40,071,846 | - | 42,219,222 | - | 42,219,222 |
| Development in progress | 177,748 | 1,774 | 179,522 | 22,472,605 | - | 22,652,127 | (2,103,761) | 20,548,366 |
| Property and equipment – net | 46,207 | 13,149,271 | 13,195,478 | 327,297,846 | - | 340,493,324 | (13,997,811) | 326,495,513 |
| Deferred costs – net | - | 138,722 | 138,722 | 3,082,783 | - | 3,221,505 | - | 3,221,505 |
| Other investments | 18,137,746 | - | 18,137,746 | - | 1,270,542 | 19,408,288 | (19,408,288) | - |
| Goodwill | - | - | - | - | 4,789,397 | 4,789,397 | - | 4,789,397 |
| Total non-current assets | 30,012,166 | 17,217,708 | 47,229,874 | 408,189,843 | 7,232,612 | 462,652,329 | (47,965,888) | 414,686,441 |
| Total assets | \$ 40,613,476 | \$ 17,989,519 | \$ 58,602,995 | \$ 411,933,930 | \$ 7,860,930 | \$ 478,397,855 | \$ (54,333,766) | \$ 424,064,089 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2015 AND 2014

| | | 2014 | | | | | | |
|--|--------------------------------------|------------------|--------------------------------------|----------------------------------|-----------------|---|---------------------------------|----------------|
| <i>RCD Corporation</i> | <i>RCD Directly Owned Properties</i> | <i>RCD Total</i> | <i>Affiliated Housing Properties</i> | <i>Other Affiliated Entities</i> | <i>Subtotal</i> | <i>Reclassifications and Eliminations</i> | <i>RCD and Affiliates Total</i> | |
| LIABILITIES AND NET ASSETS | | | | | | | | |
| Current liabilities: | | | | | | | | |
| Account payable and accrued expenses | \$ 226,195 | \$ 146,059 | \$ 372,254 | \$ 995,814 | \$ - | \$ 1,368,068 | \$ (40,984) | \$ 1,327,084 |
| Related-party payable | - | - | - | 6,774,076 | 480,289 | 7,254,365 | (7,123,430) | 130,935 |
| Construction payable | 61,595 | - | 61,595 | 8,980,579 | - | 9,042,174 | - | 9,042,174 |
| Notes payable – current portion | 28,644 | 430,025 | 458,669 | 1,279,002 | - | 1,737,671 | - | 1,737,671 |
| Interest payable – current portion | 10,690 | 413,693 | 424,383 | 312,412 | - | 736,795 | - | 736,795 |
| Deferred revenue | 76,500 | 208,388 | 284,888 | 53,454 | - | 338,342 | (204,990) | 133,352 |
| Total current liabilities | 403,624 | 1,198,165 | 1,601,789 | 18,395,337 | 480,289 | 20,477,415 | (7,369,404) | 13,108,011 |
| Long-term liabilities: | | | | | | | | |
| Share of pass-through losses in excess of assets of other companies | 867,923 | - | 867,923 | - | 4,835,235 | 5,703,158 | (4,835,235) | 867,923 |
| Related-party payable – net of long-term Security and other deposits | 150,000 | - | 150,000 | 1,646,278 | 150,000 | 1,946,278 | (1,946,278) | - |
| Derivative financial instruments | 15,500 | 110,629 | 126,129 | 844,241 | - | 970,370 | - | 970,370 |
| Notes payable – net of current portion | - | - | - | 3,789,582 | - | 3,789,582 | - | 3,789,582 |
| Interest payable – net of current portion | 1,933,775 | 14,613,906 | 16,547,681 | 274,093,339 | - | 290,641,020 | (9,121,550) | 281,519,470 |
| Total long-term liabilities | 98,629 | 4,587,687 | 4,686,316 | 39,375,608 | - | 44,061,924 | (387,279) | 43,674,645 |
| Total liabilities | 3,065,827 | 19,312,222 | 22,378,049 | 319,749,048 | 4,985,235 | 347,112,332 | (16,290,342) | 330,821,990 |
| Net assets: | | | | | | | | |
| Unrestricted: | | | | | | | | |
| Controlling interests | 35,347,008 | (2,520,868) | 32,826,140 | (1,750,334) | 2,395,406 | 33,471,212 | (30,674,020) | 2,797,192 |
| Non-controlling interests | - | - | - | 62,776,312 | - | 62,776,312 | - | 62,776,312 |
| Total unrestricted | 35,347,008 | (2,520,868) | 32,826,140 | 61,025,978 | 2,395,406 | 96,247,524 | (30,674,020) | 65,573,504 |
| Temporarily restricted | 1,797,017 | - | 1,797,017 | 12,763,567 | - | 14,560,584 | - | 14,560,584 |
| Total net assets | 37,144,025 | (2,520,868) | 34,623,157 | 73,789,545 | 2,395,406 | 110,808,108 | (30,674,020) | 80,134,088 |
| Total liabilities and net assets | \$ 40,613,476 | \$ 17,989,519 | \$ 58,602,995 | \$ 411,933,930 | \$ 7,860,930 | \$ 478,397,855 | \$ (54,333,766) | \$ 424,064,089 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINING SCHEDULES OF ACTIVITIES
 YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | | | | | | | |
|--|----------------------------|--|---------------------------------|--|--------------------------------------|-----------------|--|-------------------------------------|
| | <i>RCD Corporation</i> | <i>RCD Directly Owned Properties</i> | <i>RCD Total ⁽¹⁾</i> | <i>Affiliated Housing Properties</i> | <i>Other Affiliated Entities</i> | <i>Subtotal</i> | <i>Reclassification s and Eliminations</i> | <i>RCD and Affiliates Total</i> |
| Support and revenue: | | | | | | | | |
| Developer fee | \$ 2,872,312 | \$ - | \$ 2,872,312 | \$ - | \$ - | \$ 2,872,312 | \$ (2,872,312) | \$ - |
| Rental income – net of vacancies | 236,493 | 1,968,907 | 2,205,400 | 20,373,962 | 89,697 | 22,669,059 | (152,678) | 22,516,381 |
| Property and asset management fees | 1,296,118 | - | 1,296,118 | - | 365,303 | 1,661,421 | (1,661,421) | - |
| Government grants | 293,799 | 165,059 | 458,858 | - | - | 458,858 | - | 458,858 |
| Contributions | 306,282 | 57,076 | 363,358 | 100 | - | 363,458 | - | 363,458 |
| Interest income | 299,863 | 4,632 | 304,495 | 35,373 | 12,791 | 352,659 | (305,347) | 47,312 |
| Loan forgiveness and other | 17,546 | 52,255 | 69,801 | 887,181 | 441,649 | 1,398,631 | (13,499) | 1,385,132 |
| Total support and revenue | 5,322,413 | 2,247,929 | 7,570,342 | 21,296,616 | 909,440 | 29,776,398 | (5,005,257) | 24,771,141 |
| Expenses: | | | | | | | | |
| Salaries and wages | 1,944,879 | 282,573 | 2,227,452 | 3,048,241 | - | 5,275,693 | (855,577) | 4,420,116 |
| Payroll taxes and benefits | 388,676 | 88,991 | 477,667 | 961,767 | 24 | 1,439,458 | (176,435) | 1,263,023 |
| Administrative expenses | 442,180 | 419,955 | 862,135 | 3,607,300 | 4,251 | 4,473,686 | (311,196) | 4,162,490 |
| Utilities | 9,996 | 161,117 | 171,113 | 1,807,001 | - | 1,978,114 | (4,537) | 1,973,577 |
| Development | 38,005 | - | 38,005 | 45,921 | - | 83,926 | (38,005) | 45,921 |
| Operating and maintenance | 14,048 | 303,338 | 317,386 | 2,999,297 | 166 | 3,316,849 | (19,872) | 3,296,977 |
| Resident services | 234,173 | 74,103 | 308,276 | 351,505 | - | 659,781 | (216,501) | 443,280 |
| Taxes and insurance | 3,071 | 85,165 | 88,236 | 1,191,117 | 15,434 | 1,294,787 | (982) | 1,293,805 |
| Management fees | - | 92,368 | 92,368 | 1,061,142 | 368,355 | 1,521,865 | (1,444,920) | 76,945 |
| Interest expense | 36,000 | 147,624 | 183,624 | 3,109,602 | 68,515 | 3,361,741 | (91,134) | 3,270,607 |
| Total expenses | 3,111,028 | 1,655,234 | 4,766,262 | 18,182,893 | 456,745 | 23,405,900 | (3,159,159) | 20,246,741 |
| Change in net assets before other revenue (expenses) | 2,211,385 | 592,695 | 2,804,080 | 3,113,723 | 452,695 | 6,370,498 | (1,846,098) | 4,524,400 |
| Government grants/contributions for development | 51,258 | - | 51,258 | - | - | 51,258 | - | 51,258 |
| Income from investment in other companies | 1,043,908 | - | 1,043,908 | - | (465,118) | 578,790 | 657,724 | 1,236,514 |
| Loss from investments | - | - | - | (585,670) | - | (585,670) | - | (585,670) |
| Depreciation and amortization | (22,973) | (530,332) | (553,305) | (11,923,814) | (56,936) | (12,534,055) | 396,150 | (12,137,905) |
| Deferred interest | (69,721) | (307,701) | (377,422) | (4,850,387) | (28,538) | (5,256,347) | 194,994 | (5,061,353) |
| Excess of fair value of assets acquired over liabilities assumed in the donation of two partnerships | 909,774 | - | 909,774 | - | 189,362 | 1,099,136 | - | 1,099,136 |
| Contribution revenue (expenses) – related party | 1,127,812 | (1,256,040) | (128,228) | 1,700 | 126,528 | - | - | - |
| Change in net assets | 5,251,443 | (1,501,378) | 3,750,065 | (14,244,448) | 217,993 | (10,276,390) | (597,230) | (10,873,620) |
| Net assets, beginning of year | 37,144,025 | (2,520,868) | 34,623,157 | 73,789,545 | 2,395,406 | 110,808,108 | (30,674,020) | 80,134,088 |
| Capital contributions | - | - | - | 26,676,993 | 550,041 | 27,227,034 | (1,827,981) | 25,399,053 |
| Net assets, end of year | \$ 42,395,468 | \$ (4,022,246) | \$ 38,373,222 | \$ 86,222,090 | \$ 3,163,440 | \$ 127,758,752 | \$ (33,099,231) | \$ 94,659,521 |

⁽¹⁾ The RCD Total column includes \$92,368 in asset management fee in revenue and expense, and \$83,975 in rental income and expense, which are eliminated in the RCD and Affiliates Total column.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 COMBINING SCHEDULES OF ACTIVITIES
 YEARS ENDED JUNE 30, 2015 AND 2014

| | 2014 | | | | | | | |
|--|------------------------|--------------------------------------|---------------------------------|--------------------------------------|----------------------------------|-----------------|---|---------------------------------|
| | <i>RCD Corporation</i> | <i>RCD Directly Owned Properties</i> | <i>RCD Total ⁽¹⁾</i> | <i>Affiliated Housing Properties</i> | <i>Other Affiliated Entities</i> | <i>Subtotal</i> | <i>Reclassifications and Eliminations</i> | <i>RCD and Affiliates Total</i> |
| Support and revenue: | | | | | | | | |
| Developer fee | \$ 4,561,250 | \$ - | \$ 4,561,250 | \$ - | \$ - | \$ 4,561,250 | \$ (4,561,250) | \$ - |
| Rental income – net of vacancies | 220,231 | 2,111,597 | 2,331,828 | 17,888,794 | - | 20,220,622 | (266,824) | 19,953,798 |
| Property and asset management fees | 1,039,285 | - | 1,039,285 | - | 258,571 | 1,297,856 | (1,297,856) | - |
| Government grants | 247,459 | 158,834 | 406,293 | - | - | 406,293 | - | 406,293 |
| Contributions | 454,348 | 121,702 | 576,050 | 650 | - | 576,700 | - | 576,700 |
| Interest income | 104,918 | 6,001 | 110,919 | 96,353 | 11,253 | 218,525 | (168,704) | 49,821 |
| Other | 21,562 | 22,391 | 43,953 | 81,929 | - | 125,882 | (12,493) | 113,389 |
| Total support and revenue | 6,649,053 | 2,420,525 | 9,069,578 | 18,067,726 | 269,824 | 27,407,128 | (6,307,127) | 21,100,001 |
| Expenses: | | | | | | | | |
| Salaries and wages | 1,704,780 | 251,849 | 1,956,629 | 2,825,004 | - | 4,781,633 | (719,948) | 4,061,685 |
| Payroll taxes and benefits | 408,028 | 90,262 | 498,290 | 966,902 | - | 1,465,192 | (178,000) | 1,287,192 |
| Administrative expenses | 573,737 | 566,205 | 1,139,942 | 3,098,301 | - | 4,238,243 | (498,453) | 3,739,790 |
| Utilities | 9,705 | 164,025 | 173,730 | 1,595,853 | - | 1,769,583 | (4,234) | 1,765,349 |
| Development | 89,137 | - | 89,137 | 45,317 | - | 134,454 | (89,137) | 45,317 |
| Operating and maintenance | 16,969 | 364,435 | 381,404 | 2,564,477 | - | 2,945,881 | (20,092) | 2,925,789 |
| Resident services | 190,712 | 76,422 | 267,134 | 313,393 | - | 580,527 | (216,002) | 364,525 |
| Taxes and insurance | 2,491 | 88,863 | 91,354 | 1,138,024 | 2,470 | 1,231,848 | (1,086) | 1,230,762 |
| Management fees | - | 79,985 | 79,985 | 807,371 | 253,581 | 1,140,937 | (1,081,756) | 59,181 |
| Interest expense | 27,417 | 154,222 | 181,639 | 2,314,565 | - | 2,496,204 | (22,176) | 2,474,028 |
| Total expenses | 3,022,976 | 1,836,268 | 4,859,244 | 15,669,207 | 256,051 | 20,784,502 | (2,830,884) | 17,953,618 |
| Change in net assets before other revenue (expenses) | 3,626,077 | 584,257 | 4,210,334 | 2,398,519 | 13,773 | 6,622,626 | (3,476,243) | 3,146,383 |
| Government grants/contributions for development | 289,792 | - | 289,792 | 50,000 | - | 339,792 | - | 339,792 |
| Loss from investment in other companies | (5,746,430) | - | (5,746,430) | (12) | (13,581,149) | (19,327,591) | 19,228,278 | (99,313) |
| Loss from investments | - | - | - | (1,199,956) | - | (1,199,956) | - | (1,199,956) |
| Depreciation and amortization | (21,612) | (543,288) | (564,900) | (10,090,835) | - | (10,655,735) | 322,823 | (10,332,912) |
| Deferred interest | (75,031) | (307,701) | (382,732) | (4,383,987) | - | (4,766,719) | 102,621 | (4,664,098) |
| Contribution revenue (expenses) – related party | 7,268,346 | 658 | 7,269,004 | (7,769,340) | 213,132 | (287,204) | - | (287,204) |
| Change in net assets | 5,341,142 | (266,074) | 5,075,068 | (20,995,611) | (13,354,244) | (29,274,787) | 16,177,479 | (13,097,308) |
| Net assets, beginning of year | 31,802,883 | (2,254,794) | 29,548,089 | 85,945,265 | 15,114,076 | 130,607,430 | (45,735,643) | 84,871,787 |
| Capital contributions | - | - | - | 8,839,891 | 635,574 | 9,475,465 | (1,115,856) | 8,359,609 |
| Net assets, end of year | \$ 37,144,025 | \$ (2,520,868) | \$ 34,623,157 | \$ 73,789,545 | \$ 2,395,406 | \$ 110,808,108 | \$ (30,674,020) | \$ 80,134,088 |

⁽¹⁾ The RCD Total column includes \$79,985 in asset management fee in revenue and expense, and \$198,606 in rental income and expense, which are eliminated in the RCD and Affiliates Total column

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION FOR
RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
SCHEDULES OF FINANCIAL POSITION
YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|---------------|---------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalent | \$ 5,173,313 | \$ 4,974,697 |
| Investment | 200,036 | 499,890 |
| Receivables: | | |
| Grants receivable | 172,801 | 209,837 |
| Rent and others | 45,559 | 81,112 |
| Related parties – current portion (Note A) | 4,467,748 | 5,536,853 |
| Prepaid expenses and deposits | 40,695 | 70,732 |
| Total current assets | 10,100,152 | 11,373,121 |
| Non-current assets: | | |
| Restricted cash and deposits | 1,469,130 | 2,147,675 |
| Related-party receivables – net of current portion (Note A) | 3,245,294 | 2,647,199 |
| Related-party notes and interest receivable (Note B) | 11,926,596 | 8,636,156 |
| Land | 2,147,376 | 2,147,376 |
| Development in progress | 793,833 | 179,522 |
| Property and equipment – net (Note C) | 12,733,397 | 13,195,478 |
| Deferred costs – net | 131,441 | 138,722 |
| Other investments (Note D) | 19,343,415 | 18,137,746 |
| Investment in other companies | 297,085 | - |
| Total non-current assets | 52,087,567 | 47,229,874 |
| Total assets | \$ 62,187,719 | \$ 58,602,995 |
| LIABILITIES AND NET ASSETS | | |
| Current liabilities: | | |
| Account payable and accrued expenses | \$ 291,337 | \$ 372,254 |
| Construction payable | 592,413 | 61,595 |
| Notes payable – current portion (Notes F and G) | 916,878 | 458,669 |
| Interest payable – current portion (Notes F and G) | 427,273 | 424,383 |
| Deferred revenue | 74,568 | 284,888 |
| Total current liabilities | 2,302,469 | 1,601,789 |
| Long-term liabilities: | | |
| Share of pass-through losses in excess of assets in other companies | - | 867,923 |
| Related-party payable – net of current portion (Note E) | 150,000 | 150,000 |
| Security and other deposits | 117,791 | 126,129 |
| Notes payable – net of current portion (Notes F and G) | 16,293,604 | 16,547,681 |
| Interest payable – net of current portion (Notes F and G) | 4,950,633 | 4,686,316 |
| Total long-term liabilities | 21,512,028 | 22,378,049 |
| Total liabilities | 23,814,497 | 23,979,838 |
| Net assets: | | |
| Unrestricted: | | |
| Controlling interests | 36,753,845 | 32,826,140 |
| Total unrestricted | 36,753,845 | 32,826,140 |
| Temporarily restricted | 1,619,377 | 1,797,017 |
| Total net assets | 38,373,222 | 34,623,157 |
| Total liabilities and net assets | \$ 62,187,719 | \$ 58,602,995 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION FOR
RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
SCHEDULES OF ACTIVITIES
YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|---|---------------|---------------|
| Support and revenue: | | |
| Developer fee | \$ 2,872,312 | \$ 4,561,250 |
| Rental income – net of vacancies | 2,205,400 | 2,331,828 |
| Property and asset management fees | 1,296,118 | 1,039,285 |
| Government grants | 458,858 | 406,293 |
| Contributions | 363,358 | 576,050 |
| Interest income | 304,495 | 110,919 |
| Loan forgiveness and other | 69,801 | 43,953 |
| Total support and revenue | 7,570,342 | 9,069,578 |
| Expenses: | | |
| Salaries and wages | 2,227,452 | 1,956,629 |
| Payroll taxes and benefits | 477,667 | 498,290 |
| Administrative and property management | 862,135 | 1,139,942 |
| Utilities | 171,113 | 173,730 |
| Development | 38,005 | 89,137 |
| Operating and maintenance | 317,386 | 381,404 |
| Resident services | 308,276 | 267,134 |
| Taxes and insurance | 88,236 | 91,354 |
| Management fees | 92,368 | 79,985 |
| Interest expense (Notes E and F) | 183,624 | 181,639 |
| Total expenses | 4,766,262 | 4,859,244 |
| Change in net assets before other revenue (expenses) | 2,804,080 | 4,210,334 |
| Government grants/contributions for development | 51,258 | 289,792 |
| Loss from investment in other companies (Note D) | 1,043,908 | (5,746,430) |
| Depreciation and amortization | (553,305) | (564,900) |
| Deferred interest (Notes F and G) | (377,422) | (382,732) |
| Excess of fair value of assets acquired over liabilities assumed in the donation of two partnerships | 909,774 | - |
| Contribution revenue (expenses) – related party | (128,228) | 7,269,004 |
| Change in net assets | 3,750,065 | 5,075,068 |
| Net assets, beginning of year | 34,623,157 | 29,548,089 |
| Net assets, end of year | \$ 38,373,222 | \$ 34,623,157 |

(1) The 2015 RCD Total column includes \$92,368 in asset management fee in revenue and expense, and \$83,975 in rental income and expense, which are eliminated in the RCD and Affiliates Total column on the combining schedules of activities.

(2) The 2014 RCD Total column includes \$79,985 in asset management fee in revenue and expense, and \$198,606 in rental income and expense, which are eliminated in the RCD and Affiliates Total column on the combining schedules of activities.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION FOR
RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
SCHEDULES OF CASH FLOWS
YEARS ENDED JUNE 30, 2015 AND 2014

| | 2015 | 2014 |
|--|---------------------|---------------------|
| Cash flows from operating activities: | \$ 3,750,065 | \$ 5,075,068 |
| Change in net assets | | |
| Adjustments to reconcile change in net assets to net cash provided by operating activities | | |
| Depreciation and amortization | 553,305 | 564,900 |
| Income from loan forgiveness | (40,626) | - |
| Proceeds from development grants | (51,258) | (289,792) |
| Loss (gain) on investments | (1,044,053) | 5,746,412 |
| Excess of fair value of assets acquired over liabilities assumed in the donation of two partnerships | (909,774) | - |
| Grants from affiliates | - | (7,288,720) |
| (Increase) decrease in assets: | | |
| Accounts receivable | 35,553 | (6,913) |
| Capital grants receivable | 24,837 | - |
| Related-party receivable | 111,899 | (2,102,722) |
| Interest receivable | (190,439) | - |
| Grants and contributions receivable | 12,199 | (21,384) |
| Prepaid expenses and deposits | 30,037 | 80,882 |
| Increase (decrease) in liabilities: | | |
| Accounts payable and accrued expenses | (40,292) | (132,311) |
| Interest payable | 267,206 | 314,095 |
| Deferred revenues | (210,320) | (66,374) |
| Net cash provided by operating activities | <u>2,298,339</u> | <u>1,873,141</u> |
| Cash flows from investing activities: | | |
| Net (increase) decrease in restricted cash and deposits | 670,207 | (374,438) |
| Net increase in development in progress | (21,897) | (87,884) |
| Net (increase) decrease in advances to related parties | 359,111 | 454,441 |
| Net increase in related-party notes | (3,100,000) | - |
| Purchase of property and equipment | (82,570) | (7,089) |
| Payment of deferred costs | (1,373) | - |
| Net distribution from (contribution in) other investments | (488,501) | 398 |
| Net equity distributions | 71,505 | - |
| Purchase of investment | (200,000) | (1,000,000) |
| Proceeds from sale of investment | 500,000 | 1,000,000 |
| Net cash used in investing activities | <u>(2,293,518)</u> | <u>(14,572)</u> |
| Cash flows from financing activities: | | |
| Proceeds from development grants | 51,258 | 289,792 |
| Payment of short-term debt | (61,595) | (31,640) |
| Proceeds from notes payable | 384,675 | 1,375,641 |
| Repayment of notes payable | (180,543) | (917,166) |
| Net cash provided by financing activities | <u>193,795</u> | <u>716,627</u> |
| Net increase in cash and cash equivalents | 198,616 | 2,575,196 |
| Cash and cash equivalents, beginning of year | <u>4,974,697</u> | <u>2,399,501</u> |
| Cash and cash equivalents, end of year | <u>\$ 5,173,313</u> | <u>\$ 4,974,697</u> |
| Supplementary Information: | | |
| Cash paid for interest (net of capitalized portion) | <u>\$ 292,240</u> | <u>\$ 252,919</u> |
| Noncash investing and financing transactions: | | |
| Assets acquired by assuming liabilities | <u>\$ 592,414</u> | <u>\$ 60,092</u> |
| Transfer of development in progress to related party | <u>\$ -</u> | <u>\$ 242,471</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION FOR
RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
YEARS ENDED JUNE 30, 2015 AND 2014

Note A – Related-Party Receivables

Amounts are receivable from related parties for operational advances, construction advances and/or developer fees, partnership management fees, asset management fees and accrued interest. Such amounts are generally either received during the subsequent year, or become notes receivable over a longer period.

Related-party receivables for RCD as of June 30, 2015 and 2014 consist of the following:

| <i>Project Name</i> | 2015 | | | | <i>Less current portion</i> | <i>Non-current portion</i> |
|--|-----------------------|---------------------|-------------------|---------------------|-----------------------------|----------------------------|
| | <i>Developer Fees</i> | <i>Various Fees</i> | <i>Advances</i> | <i>Total</i> | | |
| 1701 MLK, LP | \$ 505,000 | \$ - | \$ 500 | \$ 505,500 | \$ - | \$ 505,500 |
| Albany Creekside Apartments, LP | - | 71,812 | - | 71,812 | (4,314) | 67,498 |
| All Housing, Inc. | - | - | 13,111 | 13,111 | - | 13,111 |
| Ambassador LLC | - | 12,938 | - | 12,938 | (12,938) | - |
| Ambassador, LP | 232,406 | 18,025 | 1,000 | 251,431 | (158,565) | 92,866 |
| Arbors Preservation, LP | - | 15,366 | - | 15,366 | (15,366) | - |
| Ashland, LP | 1,091,667 | - | 45,253 | 1,136,920 | (345,253) | 791,667 |
| Bella Monte Apartments, LP | - | 239,208 | 1,159 | 240,367 | (18,708) | 221,659 |
| Berrellesa Palms, LP | 646,570 | 46,513 | - | 693,083 | (693,083) | - |
| The Breakers at Bayport, LP | - | 39,500 | - | 39,500 | (39,500) | - |
| Camara Circle Associates | - | 95,430 | 1,031 | 96,461 | (15,930) | 80,531 |
| Church Lane-Rubicon Partners, LP | - | 13,376 | 3,160 | 16,536 | - | 16,536 |
| Coliseum Place, LP | - | - | 16,766 | 16,766 | (16,766) | - |
| Drachma Housing, LP | - | - | 7,050 | 7,050 | (7,050) | - |
| East 11th, LP | - | 100,669 | - | 100,669 | (100,669) | - |
| Eldridge, LP | 522,468 | 14,370 | - | 536,838 | (535,858) | 980 |
| Embark Apartments, LP | - | - | 7,500 | 7,500 | - | 7,500 |
| Fox Courts, LLC | - | 14,124 | - | 14,124 | (14,124) | - |
| Fox Courts, LP | - | 15,366 | - | 15,366 | (15,366) | - |
| Harrison Hotel, Inc. | - | 362,975 | - | 362,975 | - | 362,975 |
| Harrison Hotel Associates | - | - | 7,023 | 7,023 | (7,023) | - |
| Housing Alliance, LP | - | 150,733 | - | 150,733 | - | 150,733 |
| Idaho Apartments Associates, LP | - | 10,643 | 4,000 | 14,643 | - | 14,643 |
| The Alameda Islander, LP | - | 46,603 | - | 46,603 | (46,603) | - |
| Jubilee Senior Home, Inc. | - | 6,046 | - | 6,046 | (6,046) | - |
| Lakeside Apartments, LP | - | 130,060 | - | 130,060 | (17,560) | 112,500 |
| Laurel Garden, LP | - | 169,183 | - | 169,183 | (18,214) | 150,969 |
| Los Medanos, LP | - | 30,205 | - | 30,205 | (30,205) | - |
| Marble Howard | - | 34,176 | - | 34,176 | (34,176) | - |
| Ohlone Gardens, LP | 724,117 | - | 100 | 724,217 | (601,029) | 123,188 |
| Oxford Plaza, LP | - | 171,617 | - | 171,617 | (36,788) | 134,829 |
| Pinecrest Affordable Housing, LP | - | 37,500 | 75,717 | 113,217 | (2,865) | 110,352 |
| Riviera Family Apartments, LP | - | - | 6,989 | 6,989 | (6,989) | - |
| William Byron Rumford Sr. Plaza Associates | - | - | 63,899 | 63,899 | (63,899) | - |
| South Berkeley Community Housing Development Corp. | - | 5,000 | - | 5,000 | (5,000) | - |
| Seminary Havenscourt, LP | - | - | 25,865 | 25,865 | - | 25,865 |
| Shinsei Gardens Apartments, LP | - | 12,500 | - | 12,500 | (12,500) | - |
| Stanley Affordable Housing, LP | - | 1,500 | - | 1,500 | (1,500) | - |
| Stargell Commons, LP | 360,000 | - | - | 360,000 | (200,000) | 160,000 |
| UA Homes, LP | 384,735 | 62,676 | 34,357 | 481,768 | (388,126) | 93,642 |
| UACH, LP | 920,112 | 22,875 | 17,004 | 959,991 | (959,991) | - |
| Vernon Housing, Inc. | - | - | 8,230 | 8,230 | (480) | 7,750 |
| Villa Vasconcellous, LP | - | 35,264 | - | 35,264 | (35,264) | - |
| Total | \$ 5,387,075 | \$ 1,986,253 | \$ 339,714 | \$ 7,713,042 | \$ (4,467,748) | \$ 3,245,294 |

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| <i>Project Name</i> | 2014 | | | | | |
|--|---------------------|---------------------|-------------------|---------------------|-----------------------------|----------------------------|
| | <i>Developer</i> | | | <i>Total</i> | <i>Less current portion</i> | <i>Non-current portion</i> |
| | <i>Fees</i> | <i>Various Fees</i> | <i>Advances</i> | | | |
| 1701 MLK, LP | \$ 362,045 | \$ - | \$ 95,997 | \$ 458,042 | \$ (365,497) | \$ 92,545 |
| 3250 Sacramento Housing, Inc. | - | 8,418 | - | 8,418 | (8,418) | - |
| Albany Creekside Apartments, LP | - | 61,134 | - | 61,134 | - | 61,134 |
| All Housing, Inc. | - | - | 13,111 | 13,111 | - | 13,111 |
| Ambassador LLC | - | 12,500 | 20 | 12,520 | (12,500) | 20 |
| Ambassador, LP | 874,154 | 17,500 | 19,686 | 911,340 | (866,726) | 44,614 |
| Arbors Preservation, LP | - | 14,846 | - | 14,846 | (14,846) | - |
| Ashland, LP | 711,764 | - | 10,001 | 721,765 | (310,001) | 411,764 |
| Bella Monte Apartments, LP | - | 216,208 | 1,759 | 217,967 | (5,600) | 212,367 |
| Berrellesa Palms, LP | 584,930 | - | 172 | 585,102 | (319,272) | 265,830 |
| The Breakers at Bayport, LP | - | 33,636 | - | 33,636 | (33,636) | - |
| Camara Circle Associates | - | 88,500 | - | 88,500 | - | 88,500 |
| Drachma Housing, LP | - | - | 7,650 | 7,650 | - | 7,650 |
| East 11th, LP | - | 50,754 | - | 50,754 | (50,754) | - |
| Eldridge, LP | 1,274,980 | 24,918 | 7,473 | 1,307,371 | (1,126,278) | 181,093 |
| Embark Apartments, LP | - | - | - | - | - | - |
| Fox Courts, LLC | - | 13,515 | 4,930 | 18,445 | (13,515) | 4,930 |
| Fox Courts, LP | - | 14,846 | - | 14,846 | (14,846) | - |
| Harrison Hotel, Inc. | - | 334,067 | - | 334,067 | - | 334,067 |
| Harrison Hotel Associates | - | - | 150 | 150 | (150) | - |
| Housing Alliance, LP | - | 131,446 | - | 131,446 | - | 131,446 |
| The Alameda Islander, LP | 302,290 | 45,788 | - | 348,078 | (348,078) | - |
| Jubilee Senior Home, Inc. | - | 4,155 | - | 4,155 | (4,155) | - |
| Lakeside Apartments, LP | - | 115,790 | - | 115,790 | (5,000) | 110,790 |
| Laurel Garden, LP | - | 160,910 | - | 160,910 | (32,393) | 128,517 |
| Los Medanos, LP | - | 22,647 | - | 22,647 | (22,647) | - |
| Ohlone Gardens, LP | 442,000 | - | 100 | 442,100 | (200,000) | 242,100 |
| Oxford Plaza, LP | - | 143,318 | 22,495 | 165,813 | (53,899) | 111,914 |
| Pinecrest Affordable Housing, LP | - | 32,500 | 75,718 | 108,218 | (2,867) | 105,351 |
| RCD GP, LLC | - | - | 800 | 800 | - | 800 |
| RCD Housing, LLC | - | - | 6,400 | 6,400 | - | 6,400 |
| Riviera Family Apartments, LP | - | - | 222,597 | 222,597 | (222,597) | - |
| William Byron Rumford Sr. Plaza Associates | - | - | 21,513 | 21,513 | (21,513) | - |
| South Berkeley Community Housing Development Corp. | - | 10,000 | 25 | 10,025 | (10,025) | - |
| Seminary Havenscourt, LP | - | 14,149 | 35,845 | 49,994 | - | 49,994 |
| Shinsei Gardens Apartments, LP | - | 12,500 | - | 12,500 | (12,500) | - |
| Stanley Affordable Housing, LP | - | 21,637 | - | 21,637 | (7,500) | 14,137 |
| U.A. Housing, Inc. | - | - | 56,038 | 56,038 | (56,038) | - |
| UA Homes, LP | 645,600 | 87,100 | 92,300 | 825,000 | (804,625) | 20,375 |
| UACH, LP | 541,066 | - | 14,710 | 555,776 | (555,776) | - |
| Vernon Housing, Inc. | - | - | 11,830 | 11,830 | (4,080) | 7,750 |
| Villa Vasconcellous, LP | - | 31,121 | - | 31,121 | (31,121) | - |
| Total | \$ 5,738,829 | \$ 1,723,903 | \$ 721,320 | \$ 8,184,052 | \$ (5,536,853) | \$ 2,647,199 |

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Note B – Related-Party Notes and Interest Receivable

Related-party notes receivable for RCD as of June 30, 2015 and 2014 consist of the following:

| | 2015 | | |
|---|----------------------|--------------------------------|----------------------|
| | <i>Principal</i> | <i>Interest Receivable</i> | <i>Total</i> |
| East 11 th L.P. ⁽¹⁾ | \$ 1,537,549 | \$ - | \$ 1,537,549 |
| Eldridge L.P. ⁽²⁾ | 3,228,826 | 119,459 | 3,348,285 |
| UACH, L.P. ⁽³⁾ | 3,735,175 | 134,253 | 3,869,428 |
| Oxford Commercial, LLC ⁽⁴⁾ | 3,000,000 | 68,515 | 3,068,515 |
| Other RCD advances | 100,000 | 2,819 | 102,819 |
| Total | \$ 11,601,550 | \$ 325,046 | \$ 11,926,596 |

| | 2014 | | |
|---|---------------------|--------------------------------|---------------------|
| | <i>Principal</i> | <i>Interest Receivable</i> | <i>Total</i> |
| East 11 th L.P. ⁽¹⁾ | \$ 1,537,549 | \$ - | \$ 1,537,549 |
| Eldridge, L.P. ⁽²⁾ | 3,228,826 | 76,170 | 3,304,996 |
| UACH, L.P. ⁽³⁾ | 3,735,175 | 58,436 | 3,793,611 |
| Total | \$ 8,501,550 | \$ 134,606 | \$ 8,636,156 |

- (1) RCD loaned proceeds of a grant of infill infrastructure funds from the California Department of Housing and community Development in the amount of \$1,537,549 to East 11th L.P. The note bears no interest and is due March 15, 2068.
- (2) On July 10, 2013, RCD Housing, LLC, the General Partner of Eldridge L.P., acquired the project, Eldridge Gonaway Commons, from Eldridge II, LLC, creating a seller take-back loan in the amount of \$2,805,959. The note bears interest at 2.8% compounded annually, payable from excess/distributable cash of the project. All outstanding principal and interest is due on July 1, 2070. The outstanding note was \$2,805,959 and interest receivable was \$119,459 and \$76,170 as of June 30, 2015 and 2014, respectively. Concurrently, an unsecured non-interest bearing cash loan in the amount of \$422,867 was made, and all outstanding principal is due on July 1, 2070. The note receivable was transferred to RCD during 2014.
- (3) On December 1, 2013, UA Housing, Inc. assigned its rights in the property, UA Homes, to UACH, L.P. creating a note receivable in the amount of \$3,735,175. The note bears interest at 3.49% compounded annually, payable from excess/distributable cash of the project. All outstanding principal and interest is due December 1, 2068. The outstanding note was \$3,735,175 and interest receivable was \$134,253 and \$58,436 as of June 30, 2015 and 2014, respectively. The note receivable was transferred to RCD during 2014.
- (4) On December 17, 2014, RCD lent \$3,000,000 to Oxford Commercial, LLC to purchase the retail space from Oxford Street Development, LLC, creating a note receivable. The note bears 4% simple interest. All outstanding principal is due on December 31, 2036. The outstanding note and interest receivable as of June 30, 2015 was \$3,000,000 and \$68,515, respectively.

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RCD evaluates the notes receivable based on the following credit quality indicators: collateral and related versus non-related borrowers. These credit quality indicators are updated at least annually. Details about the notes receivable follows:

| | 2015 | | | | |
|---------------|-----------------------|-------------------------|-----------------|------------------|---------------|
| | <i>Collateralized</i> | <i>Uncollateralized</i> | <i>Past Due</i> | <i>Allowance</i> | <i>Net</i> |
| Related party | \$ 11,501,550 | \$ 100,000 | \$ - | \$ - | \$ 11,601,550 |
| Total | \$ 11,501,550 | \$ 100,000 | \$ - | \$ - | \$ 11,601,550 |
| | 2014 | | | | |
| | <i>Collateralized</i> | <i>Uncollateralized</i> | <i>Past Due</i> | <i>Allowance</i> | <i>Net</i> |
| Related party | \$ 8,501,550 | \$ - | \$ - | \$ - | \$ 8,501,550 |
| Total | \$ 8,501,550 | \$ - | \$ - | \$ - | \$ 8,501,550 |

Note C – Property and Equipment

Property and equipment as of June 30, 2015 and 2014 is summarized as follows:

| | 2015 | 2014 |
|--------------------------------------|---------------|---------------|
| Building and improvements | \$ 18,594,325 | \$ 18,697,825 |
| Personal property at rental projects | 685,319 | 593,401 |
| Office equipment | 277,807 | 255,060 |
| | 19,557,451 | 19,546,286 |
| Less: accumulated depreciation | (6,824,054) | (6,350,808) |
| Total property and equipment | \$ 12,733,397 | \$ 13,195,478 |

Depreciation of property and equipment totaled \$544,651 and \$555,520 for 2015 and 2014, respectively.

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Note D – Other Investments – Investment in Other Companies

RCD's financial interests in the following companies as of June 30, 2015 and 2014 are summarized as follows:

| <i>Name of Partnership</i> | <i>Percentage of Financial Interest</i> | <i>Equity June 30, 2015</i> | <i>Capital Contribution (Distribution) 2015</i> | <i>Allocation of 2015 Net Income (Loss)</i> |
|---|---|---------------------------------|---|---|
| Adeline Street Apartment, L.P. | 0.01% | \$ (495,985) | \$ - | \$ (167,217) |
| Albany Creekside Apartments, L.P. | 0.01% | (156,147) | - | (83,109) |
| Ambassador Homes, LLC | 100% | 13,239,109 | 20,000 | 459 |
| Ashland Family Housing, L.P. | 0.01% | - | - | - |
| Bella Monte Apartments, L.P. | 0.01% | 515,901 | - | (39) |
| The Breakers at Bayport, L.P. | 0.01% | 638,313 | - | (31) |
| Camara Housing Associates, L.P. | 0.01% | (1,542,305) | - | (205,470) |
| Church Lane-Rubicon Partners, L.P. | 99% | 712,936 | - | (47,793) |
| Drachma Housing, L.P. | 0.05% | (143,530) | - | (135,529) |
| Fox Court, LLC | 100% | 3,893,273 | 23,361 | 4,737 |
| Housing Alliance, L.P. | 0.01% | (569) | - | (9) |
| Idaho Apartments Associates, L.P. | 99% | 349,649 | - | 200,406 |
| Lakeside Apartments, L.P. | 0.01% | 710,264 | - | (114) |
| Laurel Garden Partners | 0.01% | 397,515 | - | (17) |
| Northgate Grand View, L.P. | 0.01% | 610,524 | - | (30) |
| Oxford Commercial LLC | 100% | 376,387 | - | (73,613) |
| Oxford Plaza, L.P. | 0.01% | 3,677,672 | (46,541) | (126) |
| Pinecrest Affordable Housing, L.P. | 0.01% | (667,318) | - | (82,450) |
| RCD GP, LLC | 100% | (4,012,880) | 41,482 | 566,840 |
| Seminary Havenscourt, L.P. | 0.05% | (11,350) | - | (89,584) |
| Stanley Avenue Affordable Housing, L.P. | 0.01% | 217,277 | - | (79,808) |
| Villa Vasconcellos, L.P. | 0.01% | 1,034,679 | - | (108) |
| | | <u>\$ 19,343,415</u> | <u>\$ 38,302</u> | <u>\$ (192,605)</u> |

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| <i>Name of Partnership</i> | <i>Percentage of Financial Interest</i> | <i>Equity June 30, 2014</i> | <i>Capital Distribution in 2014</i> | <i>Allocation of 2014 Net Income (Loss)</i> |
|---|---|---------------------------------|---|---|
| Adeline Street Apartment, L.P. | 0.01% | \$ (328,768) | \$ - | \$ (204,392) |
| Albany Creekside Apartments, L.P. | 0.01% | (73,038) | - | (78,021) |
| Ambassador Homes, LLC | 100% | 13,218,650 | - | (628) |
| Ashland Family Housing, L.P. | 0.01% | - | - | 100 |
| Bella Monte Apartments, L.P. | 0.01% | 515,940 | - | (44) |
| The Breakers at Bayport, L.P. | 0.01% | 638,344 | - | (33) |
| Camara Housing Associates, L.P. | 0.01% | (1,336,835) | - | (199,900) |
| Church Lane-Rubicon Partners, L.P. | 99% | - | - | - |
| Drachma Housing, L.P. | 0.05% | (8,001) | - | (88) |
| Fox Court, LLC | 100% | 3,865,175 | - | (951) |
| Housing Alliance, L.P. | 0.01% | (560) | - | (11) |
| Idaho Apartments Associates, L.P. | 99% | - | - | - |
| Lakeside Apartments, L.P. | 0.01% | 710,378 | - | (118) |
| Laurel Garden Partners | 0.01% | 397,532 | - | (15) |
| Northgate Grand View, L.P. | 0.01% | 610,554 | - | (35) |
| Oxford Commercial LLC | 100% | - | - | - |
| Oxford Plaza, L.P. | 0.01% | 3,724,339 | (19,221) | (131) |
| Pinecrest Affordable Housing, L.P. | 0.01% | (584,868) | - | (78,941) |
| RCD GP, LLC | 100% | (4,621,202) | 266,335 | (4,887,537) |
| Seminary Havenscourt, L.P. | 0.05% | 78,234 | - | (106,824) |
| Stanley Avenue Affordable Housing, L.P. | 0.01% | 297,085 | - | (89,242) |
| Villa Vasconcellos, L.P. | 0.01% | 1,034,787 | - | (103) |
| | | <u>\$ 18,137,746</u> | <u>\$ 247,114</u> | <u>\$ (5,646,914)</u> |

In addition, RCD holds financial interests in the following entities:

- (1) RCD is the co-member of Oxford Street Development, LLC. Its profit (loss) from investment in Oxford Street Development, LLC in 2015 and 2014 was \$1,236,513 and \$(99,310), respectively.
- (2) RCD also holds 1% limited partnership interest in Harrison Hotel Associates. Its loss from investment in Harrison Hotel Associates in 2015 and 2014 was \$-0-.

Note E – Related-Party Payables

As the sole member of RCD Housing, LLC, RCD is required to fund the capital account in the amount of \$150,000 on demand.

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Note F – Notes Payable

Notes payable, as of June 30, 2015 and 2014, are secured by the property unless otherwise noted and consist of the following:

| 2015 | | | | | | | | | | |
|------------------------------------|---|--------------------------|------------------------|----------------------|-------------------------|----------------------|----------------------------|-----------------------------------|----------------------|---|
| <i>Project Name</i> | <i>Lender Name</i> | <i>Note Payable Type</i> | <i>Original Amount</i> | <i>Interest Rate</i> | <i>Monthly Payments</i> | <i>Maturity Date</i> | <i>Principal 6/30/2015</i> | <i>Interest Payable 6/30/2015</i> | <i>Interest Cost</i> | <i>Notes</i> |
| 45th Emeryville/ Triangle Court | Alameda County | HOME | \$ 848,674 | 3.00% | \$ - | 2071 | \$ 848,674 | \$ 358,466 | \$ 24,678 | |
| | Alameda County | CDBG | 250,000 | 3.00% | - | 2071 | 250,000 | 17,649 | 7,500 | |
| Erma P. Harris Court | One Pacific Coast Bank | Perm | 545,000 | 4.69% | 3,890 | 2023 | 495,512 | 1,937 | 24,060 | Interest rate and payment adjustable in 2018 |
| | California Department of Housing and Community Development (CHRP) | HCD | 1,110,000 | 3.00% | Surplus Cash | 2059 | 1,110,000 | 596,251 | 33,300 | |
| | City of Berkeley | CDBG | 400,000 | 3.00% | Surplus Cash | 2065 | 400,000 | 49,500 | 12,000 | |
| | City of Berkeley | HOME | 590,000 | 6.00% | Surplus Cash | 2065 | 590,000 | 745,986 | 35,400 | |
| | Alameda County | HOPWA | 500,000 | 3.00% | Surplus Cash | 2071 | 500,000 | 62,869 | 15,000 | |
| | California Department of Housing and Community Development (TCAP) | HCD | 3,164,004 | 0.00% | - | 2065 | 3,164,004 | - | - | |
| | Wells Fargo Bank (AHP) | AHP | 350,000 | 0.00% | - | 2026 | 350,000 | - | - | May be forgiven Interest rate and payment adjustable in 2017 |
| Torrey Pines Bank | Perm | 270,000 | 6.00% | 3,246 | 2021 | 197,714 | 989 | 12,775 | | |
| Fairfax | Marin Workforce Housing Trust | Other | 30,000 | 0.00% | - | 2015 | 30,000 | - | - | |
| Hearst Apartments | Citibank | Perm | 956,000 | 5.75% | 5,793 | 2025 | 543,840 | 2,606 | 32,258 | |
| Martin Luther King House | City of Berkeley | Local | 916,000 | 6.00% | Surplus Cash | 2024 | 916,000 | 1,111,388 | 54,960 | \$732,000 HOME Local \$183,200 |
| | Housing Trust Fund #1 | Local | 128,126 | 6.00% | Surplus Cash | 2011 | 128,126 | 182,611 | 7,688 | RCD is in discussion with the City to renegotiate terms of the loan |
| | Housing Trust Fund #2 | Local | 150,000 | 6.00% | Surplus Cash | 2011 | 150,000 | 209,847 | 9,000 | RCD is in discussion with the City to renegotiate terms of the loan |
| RCD | Wells Fargo Bank | Perm | 146,062 | 8.00% | 1,058 | 2026 | 92,269 | 615 | 7,571 | |
| | Wireless Capital partners: Metro PCS | Other | 75,000 | 25.08% | - | 2020 | 56,818 | 15,159 | 14,776 | |
| | Wireless Capital partners: Nextel | Other | 135,000 | 17.86% | - | 2020 | 89,599 | 28,321 | 16,766 | |
| | Wireless Capital partners: T-Mobile | Other | 100,000 | 19.04% | - | 2020 | 68,060 | 16,844 | 13,552 | |
| | Wireless Capital partners: Sprint | Other | 150,000 | 21.44% | - | 2021 | 110,758 | 39,282 | 24,627 | |

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| 2015 | | | | | | | | | | |
|-------------------------|---------------------|--------------------------|------------------------|----------------------|-------------------------|----------------------|----------------------------|-----------------------------------|----------------------|--|
| <i>Project Name</i> | <i>Lender Name</i> | <i>Note Payable Type</i> | <i>Original Amount</i> | <i>Interest Rate</i> | <i>Monthly Payments</i> | <i>Maturity Date</i> | <i>Principal 6/30/2015</i> | <i>Interest Payable 6/30/2015</i> | <i>Interest Cost</i> | <i>Notes</i> |
| Regent House | City of Berkeley | CDBG | 90,259 | 3.00% | Surplus Cash | 2065 | 90,259 | 11,677 | 2,708 | |
| Riley Court Apartments | Citibank | Perm | 880,000 | 5.83% | 5,447 | 2028 | 581,818 | 2,827 | 34,743 | Interest rate and payment adjustable in 2019 |
| | City of Concord | RDA | 1,098,000 | 3.00% | Surplus Cash | 2052 | 1,098,000 | 588,468 | 32,940 | |
| | Contra Costa County | HOME | 342,000 | 3.00% | Surplus Cash | 2053 | 342,000 | 185,080 | 10,260 | |
| | Contra Costa County | HOPWA | 191,000 | 0.00% | Surplus Cash | 2066 | 191,000 | - | - | |
| Rumford | City of Berkeley | HOME | 50,000 | 3.00% | - | 2017 | 50,000 | 1,245 | 600 | |
| Terrace Glen Apartments | Citibank | Perm | 900,000 | 4.71% | 5,062 | 2029 | 621,829 | 2,441 | 29,956 | Interest rate and payment adjustable in 2019 |
| | City of Antioch | Local | 1,397,625 | 3.00% | Surplus Cash | 2054 | 1,374,995 | 692,876 | 41,250 | \$850,000 CDBG Local \$547,625 |
| | Contra Costa County | HOME | 856,000 | 3.00% | Surplus Cash | 2054 | 855,999 | 444,597 | 25,680 | |
| Alameda Landing | City of Alameda | HOME | 367,043 | 0.00% | - | 2015 | 363,207 | - | - | |
| Total | | | | | | | <u>15,660,482</u> | <u>5,369,531</u> | <u>\$ 524,048</u> | |
| Less: current portion | | | | | | | <u>(916,878)</u> | <u>(418,898)</u> | | |
| Long-term portion | | | | | | | <u>\$ 14,743,604</u> | <u>\$ 4,950,633</u> | | |

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| 2014 | | | | | | | | | | |
|------------------------------------|---|--------------------------|------------------------|----------------------|-------------------------|----------------------|----------------------------|-----------------------------------|----------------------|---|
| <i>Project Name</i> | <i>Lender Name</i> | <i>Note Payable Type</i> | <i>Original Amount</i> | <i>Interest Rate</i> | <i>Monthly Payments</i> | <i>Maturity Date</i> | <i>Principal 6/30/2014</i> | <i>Interest Payable 6/30/2014</i> | <i>Interest Cost</i> | <i>Notes</i> |
| 45th Emeryville/ Triangle Court | Alameda County | HOME | \$ 848,674 | 3.00% | \$ - | 2071 | \$ 848,674 | \$ 333,788 | \$ 24,678 | |
| | Alameda County | CDBG | 250,000 | 3.00% | - | 2071 | 250,000 | 10,149 | 7,500 | |
| Erna P. Harris Court | One Pacific Coast Bank | Perm | 545,000 | 4.69% | 3,890 | 2023 | 518,040 | 2,025 | 25,109 | Interest rate and payment adjustable in 2018 |
| | California Department of Housing and Community Development (CHRP) | HCD | 1,110,000 | 3.00% | Surplus Cash | 2069 | 1,110,000 | 607,316 | 33,300 | |
| | City of Berkeley | CDBG | 400,000 | 3.00% | Surplus Cash | 2065 | 400,000 | 37,500 | 12,000 | |
| | City of Berkeley | HOME | 590,000 | 6.00% | Surplus Cash | 2065 | 590,000 | 710,586 | 35,400 | |
| | Alameda County | HOPWA | 500,000 | 3.00% | Surplus Cash | 2071 | 500,000 | 47,869 | 15,000 | |
| | California Department of Housing and Community Development (TCAP) | HCD | 3,164,004 | 0.00% | - | 2065 | 3,164,004 | - | - | |
| Fairfax | Wells Fargo Bank (AHP) | AHP | 350,000 | 0.00% | - | 2026 | 350,000 | - | - | May be forgiven Interest rate and payment adjustable in 2017 |
| | Torrey Pines Bank | Perm | 270,000 | 6.00% | 3,246 | 2021 | 223,765 | 1,120 | 14,299 | |
| Hearst Apartments | Marin Workforce Housing Trust | Other | 30,000 | 0.00% | - | 2015 | 30,000 | - | - | |
| | Citibank | Perm | 956,000 | 5.75% | 5,793 | 2025 | 580,921 | 2,784 | 34,335 | |
| Martin Luther King House | City of Berkeley | Local | 916,000 | 6.00% | Surplus Cash | 2024 | 916,000 | 1,056,428 | 54,960 | \$732,000 HOME Local \$183,200 |
| | Housing Trust Fund #1 | Local | 128,126 | 6.00% | Surplus Cash | 2011 | 128,126 | 174,924 | 7,688 | RCD is in discussion with the City to renegotiate terms of the loan |
| | Housing Trust Fund #2 | Local | 150,000 | 6.00% | Surplus Cash | 2011 | 150,000 | 200,847 | 9,000 | RCD is in discussion with the City to renegotiate terms of the loan |
| RCD | Wells Fargo Bank | Perm | 146,062 | 8.00% | 1,058 | 2026 | 97,364 | 649 | 7,964 | |
| | Wireless Capital partners: Metro PCS | Other | 75,000 | 25.08% | - | 2020 | 61,222 | 15,816 | 15,764 | |
| | Wireless Capital partners: Nextel | Other | 135,000 | 17.86% | - | 2020 | 98,626 | 29,722 | 18,255 | |
| | Wireless Capital partners: T-Mobile | Other | 100,000 | 19.04% | - | 2020 | 74,634 | 17,746 | 14,702 | |
| | Wireless Capital partners: Sprint | Other | 150,000 | 21.44% | - | 2021 | 119,398 | 40,765 | 26,310 | |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION FOR
RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
YEARS ENDED JUNE 30, 2015 AND 2014

| 2014 | | | | | | | | | | | |
|-------------------------|---------------------|--------------------------|------------------------|----------------------|-------------------------|----------------------|----------------------------|-----------------------------------|----------------------|--|--|
| <i>Project Name</i> | <i>Lender Name</i> | <i>Note Payable Type</i> | <i>Original Amount</i> | <i>Interest Rate</i> | <i>Monthly Payments</i> | <i>Maturity Date</i> | <i>Principal 6/30/2014</i> | <i>Interest Payable 6/30/2014</i> | <i>Interest Cost</i> | <i>Notes</i> | |
| Regent House | City of Berkeley | CDBG | 90,259 | 3.00% | Surplus Cash | 2065 | 90,259 | 8,969 | 2,708 | | |
| Riley Court Apartments | Citibank | Perm | 880,000 | 5.83% | 5,447 | 2028 | 612,287 | 2,975 | 36,473 | Interest rate and payment adjustable in 2019 | |
| | City of Concord | RDA | 1,098,000 | 3.00% | Surplus Cash | 2052 | 1,098,000 | 555,528 | 32,940 | | |
| | Contra Costa County | HOME | 342,000 | 3.00% | Surplus Cash | 2053 | 342,000 | 174,820 | 10,260 | | |
| | Contra Costa County | HOPWA | 191,000 | 0.00% | - | 2066 | 191,000 | - | - | | |
| Rumford | City of Berkeley | HOME | 50,000 | 3.00% | - | 2017 | 19,668 | 643 | 495 | ⁽¹⁾ | |
| Terrace Glen Apartments | Citibank | Perm | 900,000 | 4.71% | 5,062 | 2029 | 652,496 | 2,561 | 31,370 | Interest rate and payment adjustable in 2019 | |
| | City of Antioch | Local | 1,397,625 | 3.00% | Surplus Cash | 2054 | 1,374,995 | 651,627 | 41,250 | \$850,000 CDBG Local \$547,625 | |
| | Contra Costa County | HOME | 856,000 | 3.00% | Surplus Cash | 2054 | 855,999 | 418,917 | 25,680 | | |
| Alameda Landing | City of Alameda | HOME | 367,043 | 0.00% | - | 2015 | 8,872 | - | - | | |
| Total | | | | | | | <u>15,456,350</u> | <u>5,106,074</u> | <u>\$ 537,440</u> | | |
| Less: current portion | | | | | | | <u>(458,669)</u> | <u>(419,758)</u> | | | |
| Long-term portion | | | | | | | <u>\$ 14,997,681</u> | <u>\$ 4,686,316</u> | | | |

⁽¹⁾ Interest costs of \$495 incurred during 2014 were capitalized.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION FOR
RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
YEARS ENDED JUNE 30, 2015 AND 2014

Note G – Notes Payable – Unsecured

Notes payable, as of June 30, 2015 and 2014, are subordinate to all senior obligations and consist of the following:

| 2015 | | | | | | | | | |
|-----------------------|---|--------------------------|------------------------|----------------------|-------------------------|----------------------|----------------------------|-----------------------------------|-------------------------|
| <i>Entity Name</i> | <i>Lender Name</i> | <i>Note Payable Type</i> | <i>Original Amount</i> | <i>Interest Rate</i> | <i>Monthly Payments</i> | <i>Maturity Date</i> | <i>Principal 6/30/2015</i> | <i>Interest Payable 6/30/2015</i> | <i>Interest Expense</i> |
| RCD | Religious Communities Investment Fund, Inc. | Other | \$ 200,000 | 3.00% | - | 2017 | \$ 200,000 | \$ 875 | \$ 6,000 |
| | Wells Fargo Bank | Other | 750,000 | 2.00% | - | 2020 | 750,000 | 3,750 | 15,000 |
| | MUFG Union Bank, N.A. | Other | 600,000 | 2.50% | - | 2019 | 600,000 | 3,750 | 15,000 |
| Total | | | | | | | 1,550,000 | 8,375 | <u>\$ 36,000</u> |
| Less: current portion | | | | | | | - | (8,375) | |
| Long-term portion | | | | | | | <u>\$ 1,550,000</u> | <u>\$ -</u> | |
| 2014 | | | | | | | | | |
| <i>Entity Name</i> | <i>Lender Name</i> | <i>Note Payable Type</i> | <i>Original Amount</i> | <i>Interest Rate</i> | <i>Monthly Payments</i> | <i>Maturity Date</i> | <i>Principal 6/30/2014</i> | <i>Interest Payable 6/30/2014</i> | <i>Interest Expense</i> |
| RCD | Religious Communities Investment Fund, Inc. | Other | \$ 200,000 | 3.00% | - | 2017 | \$ 200,000 | \$ 875 | \$ 6,000 |
| | Wells Fargo Bank | Other | 750,000 | 2.00% | - | 2020 | 750,000 | - | 15,000 |
| | MUFG Union Bank, N.A. | Other | 600,000 | 2.50% | - | 2019 | 600,000 | 3,750 | 6,417 |
| Total | | | | | | | 1,550,000 | 4,625 | <u>\$ 27,417</u> |
| Less: current portion | | | | | | | - | (4,625) | |
| Long-term portion | | | | | | | <u>\$ 1,550,000</u> | <u>\$ -</u> | |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION FOR
 RESOURCES FOR COMMUNITY DEVELOPMENT ONLY
 YEARS ENDED JUNE 30, 2015 AND 2014

Principal payments on notes payable for the next five years are subject to changes in net cash flow and are estimated as follows:

| <i>For the year ending June 30,</i> | <i>Principal Payments (Secured)</i> | <i>Principal Payments (Unsecured)</i> | <i>Total</i> |
|-------------------------------------|---|---|--------------|
| 2016 | \$ 916,878 | \$ - | \$ 916,878 |
| 2017 | 212,582 | 200,000 | 412,582 |
| 2018 | 231,907 | - | 231,907 |
| 2019 | 254,005 | 600,000 | 854,005 |
| 2020 | 281,843 | 750,000 | 1,031,843 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION
NET OPERATING CASH FLOW OF HOUSING PROJECTS
YEAR ENDED JUNE 30, 2015

| | 112 Alves Lane Partners | Concord House | Riley Court | Terrace Glen Apartments |
|---|----------------------------|-------------------|---------------------|----------------------------|
| BALANCE SHEET/ STATEMENT OF FINANCIAL POSITION | | | | |
| Assets | | | | |
| Cash | \$ 126,438 | \$ 1,586 | \$ 86,045 | \$ 8,092 |
| Receivables | 2,439 | 45,473 | 117 | 6,532 |
| Related-party receivable | - | - | - | 2,867 |
| Restricted deposits | 125,021 | 6,354 | 257,776 | 52,157 |
| Deferred costs and prepaid expenses | 4,512 | 644 | 16,535 | 5,480 |
| Property and equipment – net | 1,244,269 | 640,364 | 2,265,238 | 2,070,873 |
| Total assets | <u>\$ 1,502,679</u> | <u>\$ 694,421</u> | <u>\$ 2,625,711</u> | <u>\$ 2,146,001</u> |
| LIABILITIES AND PARTNERS' CAPITAL (DEFICIT)/NET ASSETS (DEFICIT) | | | | |
| Liabilities | | | | |
| Accounts payable and accrued expenses | \$ 7,547 | \$ 20,320 | \$ 354,472 | \$ 14,262 |
| Related-party payable | 169,724 | 3,344 | 5,687 | - |
| Tenant security deposits | 9,825 | 1,410 | 28,652 | 17,536 |
| Notes and interest payable | 2,268,309 | - | 2,989,193 | 3,992,737 |
| Total liabilities | <u>2,455,405</u> | <u>25,074</u> | <u>3,378,004</u> | <u>4,024,535</u> |
| Partners' capital (Deficit)/Net Assets (Deficit) | | | | |
| Partners capital less syndication costs (deficit)/net assets (deficit) | <u>(952,726)</u> | <u>669,347</u> | <u>(752,293)</u> | <u>(1,878,534)</u> |
| Total partners capital (deficit)/net assets (deficit) | <u>(952,726)</u> | <u>669,347</u> | <u>(752,293)</u> | <u>(1,878,534)</u> |
| Total liabilities and partners' capital (deficit)/net assets (deficit) | <u>\$ 1,502,679</u> | <u>\$ 694,421</u> | <u>\$ 2,625,711</u> | <u>\$ 2,146,001</u> |
| NET OPERATING CASH FLOW | | | | |
| Revenue | | | | |
| Rental income | | | | |
| Residential gross potential rent | \$ 149,498 | \$ 16,932 | \$ 409,262 | \$ 313,588 |
| Vacancy loss (residential) | (732) | (703) | (9,648) | (20,508) |
| Other operating income | 1,583 | 75,489 | 20,368 | 12,608 |
| Total revenue | <u>150,349</u> | <u>91,718</u> | <u>419,982</u> | <u>305,688</u> |
| Operating expenses | | | | |
| Administrative and marketing | 35,727 | 36,717 | 100,239 | 84,497 |
| Utilities | 10,452 | 7,915 | 58,046 | 24,991 |
| Operating and maintenance | 52,540 | 21,753 | 80,920 | 97,156 |
| Taxes and insurance | 20,403 | 7,190 | 22,856 | 24,541 |
| Service expenses | 31 | - | 71 | - |
| Total operating expenses | <u>119,153</u> | <u>73,575</u> | <u>262,132</u> | <u>231,185</u> |
| Operating income before other activities | 31,196 | 18,143 | 157,850 | 74,503 |
| Reserves and capitalized improvements | | | | |
| Deposits to reserves | (4,800) | (2,400) | (31,428) | (9,600) |
| Withdrawals from reserves | - | - | 3,300 | 19,449 |
| Capitalized improvements | - | - | (353,140) | (17,574) |
| Debt service and financial expenses | | | | |
| Interest (non-deferred) | (10,478) | - | (34,891) | (30,076) |
| Principal | (11,067) | - | (30,469) | (30,666) |
| Bond fees | - | - | - | - |
| Other | | | | |
| Refund of reserve withdrawals | - | - | - | (9,724) |
| HOPWA loan to pay development costs | - | - | 316,005 | - |
| Income reduction subsequent to year-end | - | (13,343) | - | - |
| Asset management fee allowed | - | (2,400) | - | - |
| Deposits to reserves subsequent to year-end | - | - | (27,227) | - |
| Net operating cash flow (deficit) | <u>\$ 4,851</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ (3,688)</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION REQUIRED BY
THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
(HARRISON HOTEL ASSOCIATES)
YEAR ENDED JUNE 30, 2015

Schedules of Operating Revenues

| | | | |
|-------|--|----|------------------|
| | Rent Revenue: | | |
| 5120 | Rent revenue – gross potential | \$ | 266,035 |
| 5121 | Tenant assistance payments | | 392,529 |
| 5140 | Rent revenue – stores and commercial | | 44,876 |
| 5170 | Garage and parking spaces | | - |
| 5180 | Flexible subsidy revenue | | - |
| 5190 | Miscellaneous rent revenue | | - |
| 5100T | Total rent revenue | | <u>703,440</u> |
| | Vacancies: | | |
| 5220 | Apartments | | (23,576) |
| 5240 | Stores and commercial | | - |
| 5250 | Rental concessions | | - |
| 5270 | Garage and parking space | | - |
| 5290 | Miscellaneous | | - |
| 5200T | Total vacancies | | <u>(23,576)</u> |
| 5152N | Net rental revenue (rent revenue less vacancies) | | <u>679,864</u> |
| | Financial revenue: | | |
| 5410 | Financial revenue – project operations | | 55 |
| 5430 | Revenue from investments – residual receipts | | - |
| 5440 | Revenue from investments – replacement reserve | | 899 |
| 5490 | Revenue from investments – miscellaneous | | - |
| 5400T | Total financial revenue | | <u>954</u> |
| | Other revenue: | | |
| 5910 | Laundry and vending revenue | | 3,221 |
| 5920 | Tenant charges | | 1,310 |
| 5990 | Miscellaneous revenue (see details) | | 535,647 |
| 5900T | Total other revenue | | <u>540,178</u> |
| | Total revenue | | <u>1,220,996</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION REQUIRED BY
THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
(HARRISON HOTEL ASSOCIATES)
YEAR ENDED JUNE 30, 2015

Schedules of Operating Expenses

| | | |
|-------|--|----------------|
| | Administrative expenses: | |
| 6203 | Conventions and meetings | - |
| 6204 | Management consultants | - |
| 6210 | Advertising and marketing | 131 |
| 6250 | Other renting expenses | 581 |
| 6310 | Office salaries | 129,240 |
| 6311 | Office expenses | 14,819 |
| 6312 | Office or model apartment rent | - |
| 6320 | Management fee | 40,824 |
| 6330 | Manager or superintendent salaries | 56,416 |
| 6331 | Administrative rent-free unit | 4,500 |
| 6340 | Legal expense – project | 7,777 |
| 6350 | Audit expense | 6,200 |
| 6351 | Bookkeeping fees/accounting services | 8,262 |
| 6370 | Bad debts | 212 |
| 6390 | Miscellaneous administrative expenses (see details) | 18,500 |
| 6263T | Total administrative expenses | <u>287,462</u> |
| | Utilities expenses: | |
| 6450 | Electricity | 27,177 |
| 6451 | Water | 18,103 |
| 6452 | Gas | 14,341 |
| 6453 | Sewer | 15,854 |
| 6400T | Total utilities expense | <u>75,475</u> |
| | Operating and maintenance expenses: | |
| 6510 | Payroll | 58,464 |
| 6515 | Supplies | 13,167 |
| 6520 | Contracts | 52,395 |
| 6521 | Operating and maintenance rent-free unit | - |
| 6525 | Garbage and trash removal | 27,343 |
| 6530 | Security payroll/contract | - |
| 6531 | Security rent-free unit | - |
| 6546 | Heating/cooling repairs and maintenance | - |
| 6548 | Snow removal | - |
| 6570 | Vehicle and maintenance equipment operation and repairs | - |
| 6580 | Lease expense | - |
| 6590 | Miscellaneous operating and maintenance expenses (see details) | 6,960 |
| 6500T | Total operating and maintenance expenses | <u>158,329</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION REQUIRED BY
THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
(HARRISON HOTEL ASSOCIATES)
YEAR ENDED JUNE 30, 2015

| | | |
|-------|--|------------------|
| | Taxes and insurance: | |
| 6710 | Real estate taxes | 3,315 |
| 6711 | Payroll taxes (project's share) | 24,563 |
| 6720 | Property and liability insurance (hazard) | 17,844 |
| 6721 | Fidelity bond insurance | 117 |
| 6722 | Workers' compensation | 15,574 |
| 6723 | Health insurance and other employee benefits | 20,731 |
| 6790 | Miscellaneous taxes, licenses, permits and insurance (see details) | 4,170 |
| 6700T | Total taxes and insurance | <u>86,314</u> |
| | Total operating expenses | <u>607,580</u> |
| | Financial expenses: | |
| 6820 | Interest on mortgage (or bonds) payable | 23,732 |
| 6825 | Interest on other mortgages | - |
| 6830 | Interest on notes payable (long term) | 246,460 |
| 6840 | Interest on notes payable (short term) | - |
| 6850 | Mortgage insurance premium/service charge | - |
| 6890 | Miscellaneous financial expenses | - |
| 6800T | Total financial expenses | <u>270,192</u> |
| 6900T | Nursing homes/assisted living/board and care/other elderly care expenses | <u>-</u> |
| 6000 | Total cost of operations before depreciation | <u>877,772</u> |
| 5060 | Profit (loss) before depreciation | 343,224 |
| 6600 | Depreciation expenses | 243,352 |
| 6610 | Amortization expense | 531 |
| 5060N | Operating profit or (loss) | <u>99,341</u> |
| | NET ENTITY EXPENSES | |
| | Entity revenue and expenses: | |
| 7190 | Other expenses – Partnership management fee | 12,896 |
| 7100T | Net entity expenses | <u>12,896</u> |
| 3250 | Net loss from operations | <u>\$ 86,445</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (HARRISON HOTEL ASSOCIATES)
 YEAR ENDED JUNE 30, 2015

Cash on Hand and in Banks

| | | |
|--------------------------------|----|-------------|
| Unrestricted accounts: | | |
| Petty cash | \$ | 200 |
| Checking accounts – operations | | 59,441 |
| Expense reserve | | 9,054 |
| | | <hr/> |
| Total | \$ | 68,695 |
| | | <hr/> <hr/> |
| Restricted accounts: | | |
| Replacement reserve | \$ | 313,275 |
| Operating reserve | | 146,169 |
| Transitional reserve | | 356,468 |
| Tenant security deposits | | 29,905 |
| | | <hr/> |
| Total | \$ | 845,817 |
| | | <hr/> <hr/> |

Account Receivable

Accounts receivable consists of the following:

| | | |
|---|----|-------------|
| Receivable from tenants within 30 days | \$ | 4,227 |
| Receivable from tenants in excess of 30 days | | 2,017 |
| Receivable from rental subsidies within 30 days | | 12,040 |
| | | <hr/> |
| Total | \$ | 18,284 |
| | | <hr/> <hr/> |

Reserves for Replacements, Operating Expenses and Transition

In accordance with the provisions of the agreements, restricted cash was held in separate bank accounts. Details follow:

| | <i>Replacement Reserve</i> | <i>Operating Reserve</i> | <i>Transition Reserve</i> |
|---|--------------------------------|------------------------------|-------------------------------|
| | \$ | \$ | \$ |
| Balance, June 30, 2014 | 351,621 | 139,919 | 355,578 |
| Monthly deposits: | | | |
| Twelve months at \$3,038 per month | 36,450 | - | - |
| Twelve months at \$491 per month | - | 5,892 | - |
| Interest received | 899 | 358 | 890 |
| Withdrawals (amount capitalized) | (72,440) | - | - |
| Withdrawals (amount included in operating expenses) | (3,255) | - | - |
| | <hr/> | <hr/> | <hr/> |
| Balance, June 30, 2015 | \$ 313,275 | \$ 146,169 | \$ 356,468 |
| | <hr/> <hr/> | <hr/> <hr/> | <hr/> <hr/> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (HARRISON HOTEL ASSOCIATES)
 YEAR ENDED JUNE 30, 2015

Property, Equipment and Improvements

Following are the details of property, equipment and improvements:

| <i>Property, Equipment and Improvements, at Cost</i> | <i>Land</i> | <i>Building and improvements</i> | <i>Furniture and Equipment</i> | <i>Total</i> |
|--|-------------------|--------------------------------------|------------------------------------|---------------------|
| Balance, June 30, 2014 | \$ 235,000 | \$ 9,007,174 | \$ 270,979 | \$ 9,513,153 |
| Additions | - | 66,490 | 5,950 | 72,440 |
| Deletions | - | - | - | - |
| Balance, June 30, 2015 | <u>\$ 235,000</u> | <u>\$ 9,073,664</u> | <u>\$ 276,929</u> | <u>\$ 9,585,593</u> |

Accounts Payable and Accrued Expenses

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

| | |
|---|------------------|
| Accounts payable within 30 days – trade | \$ 30,069 |
| Accrued expenses payable within 30 days | 50,548 |
| Accrued vacation payable in excess of 30 days | 8,804 |
| Accrued expenses payable in excess of 30 days | 919 |
| Total | <u>\$ 90,340</u> |

Gross Potential Rents

| | |
|--------------------------------------|-------------------|
| Tenant rental payments | \$ 237,959 |
| Housing assistance payments | 392,529 |
| Employee quarter shown as an expense | 4,500 |
| Vacancy loss | 23,576 |
| Commercial and other rental payments | 44,876 |
| Total gross potential rents | <u>\$ 703,440</u> |

Management Fee

A property management fee of \$40,824 was incurred during 2015 for property management services provided by The John Stewart Company.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (HARRISON HOTEL ASSOCIATES)
 YEAR ENDED JUNE 30, 2015

Miscellaneous Account Details

| | |
|--|--------------------------|
| Miscellaneous revenue: | |
| Interest income – other reserves | \$ 1,248 |
| Cleaning/damage/maintenance charges | 4,958 |
| Loan forgiveness | <u>529,441</u> |
| | <u><u>\$ 535,647</u></u> |
| | |
| Miscellaneous administrative expenses: | |
| Payroll processing fee | \$ 4,521 |
| Computer charges | 1,525 |
| Seminar/training | 1,931 |
| Mileage and travel | 447 |
| Temporary relocation | 9,431 |
| Others | <u>645</u> |
| | <u><u>\$ 18,500</u></u> |
| | |
| Miscellaneous operating and maintenance expenses: | |
| Relocation expenses | <u>\$ 6,960</u> |
| | <u><u>\$ 6,960</u></u> |
| | |
| Miscellaneous taxes, licenses, permits and insurance | |
| Miscellaneous licenses/permits | \$ 3,370 |
| State income tax | <u>800</u> |
| | <u><u>\$ 4,170</u></u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (HARRISON HOTEL ASSOCIATES)
 YEAR ENDED JUNE 30, 2015

Notes Payable

Notes payable are secured by the property unless otherwise noted and consist of the following:

| | <i>Interest Payable</i> | <i>Principal</i> |
|---|-----------------------------|------------------|
| California Department of Housing and Community Development, Multifamily Housing Program (MHP) Loan, in the original amount of \$5,650,402, bears simple interest at 3%, payable from excess/distributable cash. Annual interest payments in the amount of .42% of the principal balance are due, and total outstanding principal and unpaid interest are due in May 2062. Interest expense was \$169,512 for 2015. | \$ 1,190,656 | \$ 5,650,402 |
| City of Oakland (HOME program) for acquisition of the property, bears simple interest at 6% per annum, with annual payment of principal and interest from available excess/distributable cash commencing March 1996, to be repaid in full by December 2062. Interest will only be payable at that time to the extent that the Project's fair market value exceeds the principal due under this note, as well as the principal and interest due under all senior notes. No payments have been required on this note. Interest expense was \$60,000 for 2015. | 1,261,857 | 1,000,000 |
| City of Oakland for construction of the property, bears simple interest at 6% per annum. Principal and interest are due under the same terms as the \$1,000,000 note, to be repaid in full by December 2062. No payments have been required on this note. Interest expense was \$40,680 for 2015. | 855,539 | 678,000 |
| County of Alameda Housing and Community Development, bears no interest and is to be repaid in full by December 2054. No payments have been required on this note. | - | 165,000 |
| Total | \$ 3,308,052 | \$ 7,493,402 |

Principal payments on notes payable for the next five years are subject to changes in net cash which is a contingency that cannot be reasonably estimated.

Citibank, N.A. second mortgage note, bore no interest, to be repaid in full by 2026. The loan was forgiven by the lender, and the outstanding principal was recognized as income from loan forgiveness in 2015.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (HARRISON HOTEL ASSOCIATES)
 YEAR ENDED JUNE 30, 2015

Surplus Cash Computation

| | |
|--|--------------|
| Operating income: | |
| Total income | \$ 1,220,996 |
| Loan forgiveness | (529,441) |
| Interest earned on restricted reserve accounts | (2,147) |
| Adjusted operating income | 689,408 |
| Operating expenses | (607,580) |
| Adjusted net income | 81,828 |
| Other activity: | |
| Mandatory debt service | (23,732) |
| Deposits into replacement reserve account | (36,450) |
| Deposits into operating reserve account | (5,892) |
| Withdrawals from replacement reserve account included in operating expenses | 75,695 |
| Purchase of property and equipment | (72,440) |
| Surplus cash | \$ 19,009 |
| Uses of surplus cash: | |
| Partnership management fee | \$ 12,000 |
| Debt service – HCD (76% of 50% of remaining after \$12,000 payment) | 2,663 |
| Debt service – City of Oakland HOME (24% of 50% of remaining after \$12,000 payment) | 841 |
| Partnership management fee (50% of remaining after \$12,000 payment) | 3,505 |
| Total uses | \$ 19,009 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
(HARRISON HOTEL ASSOCIATES)
CERTIFICATION OF OFFICERS
YEAR ENDED JUNE 30, 2015

We, as officers of Harrison Hotel, Inc., an affiliate of Resources for Community Development, a California nonprofit public benefit corporation, hereby certify that we have examined the accompanying supplementary data of Harrison Hotel Associates, as of and for the year ended June 30, 2015 and to the best of our knowledge and belief, the same is complete and accurate.

| Name | Title | Date |
|------|-------|------|
|------|-------|------|

Owner's Tax Identification Number: 94-3199191

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
(HARRISON HOTEL ASSOCIATES)
CERTIFICATION OF MANAGEMENT AGENT
YEAR ENDED JUNE 30, 2015

I hereby certify that I have examined the accompanying supplemental information of Harrison Hotel Associates, as of and for the year ended June 30, 2015, and, to the best of my knowledge and belief, the same is complete and accurate.

Name

Title

Date

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION REQUIRED BY
THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
(ERNA P. HARRIS COURTS APARTMENTS)
YEAR ENDED JUNE 30, 2015

Schedules of Operating Revenues

| | | |
|-------|--|----------------|
| | Rent Revenue: | |
| 5120 | Rent revenue – gross potential | \$ 117,483 |
| 5121 | Tenant assistance payments | 216,771 |
| 5140 | Rent revenue – stores and commercial | - |
| 5170 | Garage and parking spaces | - |
| 5180 | Flexible subsidy revenue | - |
| 5190 | Miscellaneous rent revenue | - |
| 5100T | Total rent revenue | <u>334,254</u> |
| | Vacancies: | |
| 5220 | Apartments | (7,494) |
| 5240 | Stores and commercial | - |
| 5250 | Rental concessions | - |
| 5270 | Garage and parking space | - |
| 5290 | Miscellaneous | - |
| 5200T | Total vacancies | <u>(7,494)</u> |
| 5152N | Net rental revenue (rent revenue less vacancies) | <u>326,760</u> |
| | Financial revenue: | |
| 5410 | Financial revenue – project operations | 71 |
| 5430 | Revenue from investments – residual receipts | - |
| 5440 | Revenue from investments – replacement reserve | 391 |
| 5490 | Revenue from investments – miscellaneous | - |
| 5400T | Total financial revenue | <u>462</u> |
| | Other revenue: | |
| 5910 | Laundry and vending revenue | 1,629 |
| 5920 | Tenant charges | 400 |
| 5990 | Miscellaneous revenue | 851 |
| 5900T | Total other revenue | <u>2,880</u> |
| | Total revenue | <u>330,102</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (ERNA P. HARRIS COURTS APARTMENTS)
 YEAR ENDED JUNE 30, 2015

Schedules of Operating Expenses

| | | |
|-------|--|---------------|
| | Administrative expenses: | |
| 6203 | Conventions and meetings | - |
| 6204 | Management consultants | - |
| 6210 | Advertising and marketing | 56 |
| 6250 | Other renting expenses | 630 |
| 6310 | Office salaries | 11,386 |
| 6311 | Office expenses | 10,571 |
| 6312 | Office or model apartment rent | - |
| 6320 | Management fee | 24,150 |
| 6330 | Manager or superintendent salaries | 17,888 |
| 6331 | Administrative rent-free unit | 7,860 |
| 6340 | Legal expense – project | 1,430 |
| 6350 | Audit expense | 3,426 |
| 6351 | Bookkeeping fees/accounting services | 3,570 |
| 6370 | Bad debts | 2,968 |
| 6390 | Miscellaneous administrative expenses (see details) | 6,676 |
| 6263T | Total administrative expenses | <u>90,611</u> |
| | Utilities expenses: | |
| 6450 | Electricity | 10,027 |
| 6451 | Water | 4,708 |
| 6452 | Gas | 8,329 |
| 6453 | Sewer | 5,703 |
| 6400T | Total utilities expense | <u>28,767</u> |
| | Operating and maintenance expenses: | |
| 6510 | Payroll | 21,623 |
| 6515 | Supplies | 4,882 |
| 6520 | Contracts | 26,097 |
| 6521 | Operating and maintenance rent-free unit | - |
| 6525 | Garbage and trash removal | 10,371 |
| 6530 | Security payroll/contract | 1,395 |
| 6531 | Security rent-free unit | - |
| 6546 | Heating/cooling repairs and maintenance | 5,939 |
| 6548 | Snow removal | - |
| 6570 | Vehicle and maintenance equipment operation and repairs | - |
| 6580 | Lease expense | - |
| 6590 | Miscellaneous operating and maintenance expenses (see details) | 3,122 |
| 6500T | Total operating and maintenance expenses | <u>73,429</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION REQUIRED BY
THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
(ERNA P. HARRIS COURTS APARTMENTS)
YEAR ENDED JUNE 30, 2015

| | | |
|-------|--|---------------------|
| | Taxes and insurance: | |
| 6710 | Real estate taxes | 2,126 |
| 6711 | Payroll taxes (project's share) | 4,853 |
| 6720 | Property and liability insurance (hazard) | 12,018 |
| 6721 | Fidelity bond insurance | 57 |
| 6722 | Workers' compensation | 3,936 |
| 6723 | Health insurance and other employee benefits | 9,681 |
| 6790 | Miscellaneous taxes, licenses, permits and insurance | 1,541 |
| 6700T | Total taxes and insurance | <u>34,212</u> |
| | Total operating expenses | <u>227,019</u> |
| | Financial expenses: | |
| 6820 | Interest on mortgage (or bonds) payable | 17,437 |
| 6825 | Interest on other mortgages | - |
| 6830 | Interest on notes payable (long term) | 91,038 |
| 6840 | Interest on notes payable (short term) | - |
| 6850 | Mortgage insurance premium/service charge | - |
| 6890 | Miscellaneous financial expenses | - |
| 6800T | Total financial expenses | <u>108,475</u> |
| 6900T | Nursing homes/assisted living/board and care/other elderly care expenses | <u>-</u> |
| 6000 | Total cost of operations before depreciation | <u>335,494</u> |
| 5060 | Profit (loss) before depreciation | (5,392) |
| 6600 | Depreciation expenses | 213,726 |
| 6610 | Amortization expense | <u>6,602</u> |
| 5060N | Operating profit or (loss) | <u>(225,720)</u> |
| | NET ENTITY EXPENSES | |
| | Entity revenue and expenses: | |
| 7190 | Other expenses – Asset management fee | 12,000 |
| 7100T | Net entity expenses | <u>12,000</u> |
| 3250 | Change in total net assets from operations | <u>\$ (237,720)</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (ERNA P. HARRIS COURTS APARTMENTS)
 YEAR ENDED JUNE 30, 2015

Cash on Hand and in Banks

| | | |
|----------------------------------|----|----------------|
| Unrestricted accounts: | | |
| Petty cash | \$ | - |
| Checking accounts – operations | | 31,045 |
| Checking accounts – construction | | 6,213 |
| Expense reserve | | 33,592 |
| | | <hr/> |
| Total | \$ | <u>70,850</u> |
| | | |
| Restricted accounts: | | |
| Replacement reserve | \$ | 177,981 |
| Operating reserve | | 82,112 |
| Transitional reserve | | 151,609 |
| Tenant security deposits | | 7,675 |
| | | <hr/> |
| Total | \$ | <u>419,377</u> |

Account Receivable

Accounts receivable consists of the following:

| | | |
|--|----|--------------|
| Receivable from tenants within 30 days | \$ | 771 |
| Receivable from subsidies in excess of 30 days | | 1,471 |
| | | <hr/> |
| Total | \$ | <u>2,242</u> |

Reserves for Replacements, Operating Expenses and Transition

In accordance with the provisions of the agreements, restricted cash was held in separate bank accounts. Details follow:

| | <i>Replacement Reserve</i> | <i>Operating Reserve</i> | <i>Transition Reserve</i> |
|------------------------------------|--------------------------------|------------------------------|-------------------------------|
| | <hr/> | <hr/> | <hr/> |
| Balance, June 30, 2014 | \$ 156,590 | \$ 81,814 | \$ 151,056 |
| Monthly deposits: | | | |
| Twelve months at \$1,750 per month | 21,000 | - | - |
| Interest received | 391 | 298 | 553 |
| Withdrawals | - | - | - |
| | | | <hr/> |
| Balance, June 30, 2015 | \$ 177,981 | \$ 82,112 | \$ 151,609 |
| | | | <hr/> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (ERNA P. HARRIS COURTS APARTMENTS)
 YEAR ENDED JUNE 30, 2015

Property, Equipment and Improvements

Following are the details of property, equipment and improvements:

| <i>Property, Equipment and Improvements, at Cost</i> | <i>Land</i> | <i>Building and improvements</i> | <i>Furniture and Equipment</i> | <i>Total</i> |
|--|-------------------|--------------------------------------|------------------------------------|---------------------|
| Balance, June 30, 2013 | \$ 241,379 | \$ 7,093,059 | \$ 311,113 | \$ 7,645,551 |
| Additions | - | - | - | - |
| Deletions | - | - | - | - |
| Balance, June 30, 2014 | <u>\$ 241,379</u> | <u>\$ 7,093,059</u> | <u>\$ 311,113</u> | <u>\$ 7,645,551</u> |

Accounts Payable and Accrued Expenses

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

| | |
|---|------------------|
| Accounts payable within 30 days – trade | \$ 4,931 |
| Accrued expenses payable within 30 days | 4,179 |
| Accrued vacation payable in excess of 30 days | 2,829 |
| Total | <u>\$ 11,939</u> |

Gross Potential Rents

| | |
|--------------------------------------|-------------------|
| Tenant rental payments | \$ 102,129 |
| Housing assistance payments | 216,771 |
| Employee quarter shown as an expense | 7,860 |
| Vacancy loss | 7,494 |
| Total gross potential rents | <u>\$ 334,254</u> |

Management Fee

A property management fee of \$24,150 was incurred during 2015 for property management services provided by The John Stewart Company.

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
SUPPLEMENTARY INFORMATION REQUIRED BY
THE CALIFORNIA DEPARTMENT OF
HOUSING AND COMMUNITY DEVELOPMENT
(ERNA P. HARRIS COURTS APARTMENTS)
YEAR ENDED JUNE 30, 2015

Miscellaneous Account Details

Miscellaneous administrative expenses:

| | |
|-------------------------|-----------------|
| Payroll processing fee | \$ 1,159 |
| Computer charges | 2,330 |
| Seminars/Training | 354 |
| Green marketing expense | 1,493 |
| Others | <u>1,340</u> |
| | <u>\$ 6,676</u> |

Miscellaneous operating and maintenance expenses:

| | |
|--------------------------|-----------------|
| Electrical maintenance | \$ 1,348 |
| Fire protection expenses | 648 |
| Appliance repairs | <u>1,126</u> |
| | <u>\$ 3,122</u> |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
 SUPPLEMENTARY INFORMATION REQUIRED BY
 THE CALIFORNIA DEPARTMENT OF
 HOUSING AND COMMUNITY DEVELOPMENT
 (ERNA P. HARRIS COURTS APARTMENTS)
 YEAR ENDED JUNE 30, 2015

Surplus Cash Computation

| | |
|--|------------|
| Operating income: | |
| Total income | \$ 330,102 |
| Interest earned on restricted reserve accounts | (1,242) |
| Adjusted operating income | 328,860 |
| Operating expenses | (227,019) |
| Adjusted net income | 101,841 |
| Other activity: | |
| Operating expenses funded with development | 1,104 |
| Mandatory debt service | (43,618) |
| Deposits into replacement reserve account | (21,000) |
| Surplus cash | \$ 38,327 |

Surplus Cash Distribution

| | |
|---|-----------|
| Partnership management and incentive fees | \$ 12,000 |
| Loan interest – CHRP | 26,327 |
| Total distributed | \$ 38,327 |

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
(ERNA P. HARRIS COURTS APARTMENTS)
CERTIFICATION OF OFFICERS
YEAR ENDED JUNE 30, 2015

We, as officers of Resources for Community Development, a California nonprofit public benefit corporation, hereby certify that we have examined the accompanying supplementary data of Erna P Harris Courts Apartments, as of and for the year ended June 30, 2015 and to the best of our knowledge and belief, the same is complete and accurate.

| Name | Title | Date |
|------|-------|------|
|------|-------|------|

Owner's Tax Identification Number: 94-2952466

RESOURCES FOR COMMUNITY DEVELOPMENT AND AFFILIATES
(ERNA P. HARRIS COURTS APARTMENTS)
CERTIFICATION OF MANAGEMENT AGENT
YEAR ENDED JUNE 30, 2015

I hereby certify that I have examined the accompanying supplemental information of Erna P Harris Courts Apartments, as of and for the year ended June 30, 2015, and, to the best of my knowledge and belief, the same is complete and accurate.

Name

Title

Date