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January 29, 2015

Guy Ricca  
Senior Community Development Analyst  
Housing and Community Development  
City of Vallejo  
200 Georgia Street  
Vallejo, CA 94590

**RECEIVED**  
City of Vallejo  
Housing and Community  
Development Division

JAN 29 2015

Re: CHDC FY 2015/2016 CDBG/HOME Proposal

Dear Mr. Ricca,

Community Housing Development Corporation is pleased to submit this response to the City of Vallejo's Request for Proposal to provide affordable housing through the **acquisition and rehabilitation** of vacant foreclosed properties through the CDBG/HOME Programs.

As an experienced real estate developer, HUD approved housing counseling agency, and property management company, CHDC understands the challenges of acquisition/rehabilitation projects, as well as the specific requirements of the HOME Program.

We are available to discuss our proposal and look forward to our continued working relationship in our efforts to reduce blight within the City of Vallejo.

If you have any questions or need more information, please contact Joanna Griffith at [jgriffith@chdcnr.com](mailto:jgriffith@chdcnr.com) or (510) 412-9290 ext. 211.

Thank you for your funding consideration.

Sincerely,

Darlene Williams,  
Deputy Director

cc. Donald Gilmore, Executive Director  
Joanna Griffith, Assistant Director of Real Estate Development

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# Organizational Overview

Project Description

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## **Community Housing Development Corporation**

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Richmond, CA 94801

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Assistant Director of Real Estate Development  
Phone: (510) 412-9290 x211  
[jgriffith@chdcnr.com](mailto:jgriffith@chdcnr.com)

## PROJECT DESCRIPTION

### *Summary*

Community Housing Development Corporation (CHDC) is proposing to acquire and rehabilitate 4 vacant, foreclosed single-family properties in various neighborhoods within the City of Vallejo. Building on prior revitalization projects in Vallejo, CHDC intends to sell the completely rehabbed homes to low-income households earning up to 80% of the Area Median Income (AMI).

The estimated total development cost for 4 homes is \$1,220,917 or \$299,229 per home. CHDC is requesting \$400,000 in HOME funding and \$600,000 in CDBG funding for fiscal year 2015-16. CHDC anticipates selling the homes for approximately \$250,000 to low-income households earning less than 80% AMI. The estimated total HOME subsidy amount is \$160,000 or \$40,000 per home. The estimated total repayment amount to the HOME program is \$603,084 or \$150,771 per home.

### *Rehabilitation*

CHDC intends to target vacant, foreclosed single-family properties that do not require more than \$90,000 in rehabilitation costs per home. Rehabilitation needs will be identified by various property inspections (e.g. termite, lead based paint/asbestos, home inspection, sewer lateral inspection, etc.) and confirmed by City inspectors. The rehabs will adhere to CHDC's acquisition/rehabilitation specifications, which meets and/or exceeds the City's requirements and specifications. At minimum, the rehabs will include the installation of energy efficient appliances, low-flow faucets, High Efficiency Toilets (HET), no-VOC paint, new landscaping, while addressing any health, safety, and code violations. More extensive rehabs may include replacing missing and/or upgrading electrical, plumbing, and HVAC; providing new roofs with a minimum of 30 year warranty; replacing deteriorating sewer lateral lines; restoring illegally converted spaces back to original use; and replacing deteriorating flooring, cabinets, tubs and tub surrounds.

CHDC's established acquisition/rehabilitation process and procedures begin with identifying foreclosed properties through REO websites, MLS, and directly through the National Community Stabilization Trust. Properties fitting within our parameters (3-bedrooms, neighborhood characteristics, target acquisition price, etc.) will be inspected by CHDC development staff and deputy director. If the property appears to meet expectations, a draft scope of work is created and the appraisal and various home inspections are ordered. Following the review of all inspection reports, CHDC updates the scope of work to reflect the correction of any identified issues. CHDC will then identify a minimum of 3 contractors, through a public RFP

process, to bid on the project. The lowest responsible bidder will then be selected, and the total development budget will be updated and submitted to the City for final approval.

### ***Budget***

As referenced above, the total development cost for 4 single-family homes is \$1,220,917 or \$299,229 per home. Based on CHDC's preliminary research on foreclosed, 3-bedroom single-family homes in Vallejo, we anticipate acquisition costs to be approximately \$155,000. The assumed rehab costs are \$78,000 per home, which includes hard cost contingency of 15 percent (\$11,700) that is standard with rehab projects. Our development soft costs are largely based on actual costs incurred on prior acquisition/rehab projects in the city of Vallejo, Richmond and Contra Costa County, such as building inspections, property and liability insurance, holding and maintenance costs, and property taxes, etc., all of which are detailed in the attached development budget. The combined developer fees and project administration and salaries are 10 percent of the total development budget.

### ***Financing Plan***

CHDC is requesting a total of \$400,000 in HOME and \$600,000 in CHDO funding for fiscal years 2015-16. CHDC has a line of credit with Bank of the West that can be used to cover acquisition costs and other eligible softs costs incurred in between project draws. CHDC will submit draws to the city to refresh our line of credit, which can then be used in subsequent projects.

The total estimated development cost per home is \$299,229. The total estimated HOME subsidy amount is \$99,229 per home. We expect to sell the homes for approximately \$250,000 to low-income households earning up to 80 percent AMI. CHDC will use the sale proceeds from the first 4 homes to finance the remaining 2 homes. At the end of the project, the estimated repayment to the HOME program will be \$603,084.

### ***Marketing and Outreach Plan***

CHDC intends to market completely rehabbed homes to our existing list of over 1000 potential homebuyers. Special marketing attention will be given to residents of Vallejo and Solano County. CHDC sends a flyer or postcard to this list outlining the available homeownership opportunities and any basic requirements needed to qualify, such as income and household limitations.

CHDC will seek out advertising opportunities for newly completed rehabbed homes by alerting its contacts in the media through a real estate press release announcing the availability of newly

rehabbed homes. Among others, the following shall receive said press release: Solano Republic, Vallejo Times Herald, Homeowner Resource, El Mensajero, and El Mundo. Homes will also be advertised on Craigslist and other online classified websites. CHDC will feature newly completed rehabbed homes on our quarterly newsletter, website, as well as on our Facebook and Twitter pages.

In addition, homes will also be marketed through nonprofit organizations, social service agencies, city and county agencies, and faith-based and cultural organizations. CHDC intends to market newly completed rehabbed homes at community events such as neighborhood and community meetings, and cultural celebrations. All of CHDC's outreach and marketing materials are available in English and Spanish. Translation services in other languages are also available when necessary.

### ***Disposition Strategy***

CHDC intends to sell the completely rehabbed homes to low-income first-time homebuyer families earning up to 80 percent AMI. Our disposition strategy takes into account the challenges and complexity of assisting low-income first-time homebuyers. CHDC's Homebuyers' department will take the lead in counseling and preparing first-time homebuyer candidates for purchase of completed rehabbed homes. Since 2002, CHDC's Homebuyers' program has helped over 200 low- and moderate-income families realize their dream of home ownership. This includes several rehabilitated homes in the city of Vallejo. The Homebuyers' program provides a range of services before and after home purchase which support first time home buyers and ensure their success. CHDC offers the following pre-purchase homebuyer services in English and Spanish:

- First Time Homebuyer Workshop Certification
- Credit Counseling
- Loan Qualification Analysis
- Loan Document Review
- Budget Planning
- Facilitation of Down Payment Assistance
- Deed Restriction & Resale Requirement Counseling
- Lender Referrals
- Real Estate Referrals

As a HUD certified counseling agency, CHDC offers a mix of comprehensive services to the first time homebuyer. In addition to group education, CHDC offers one-on-one counseling services that are individually tailored, based on an Action Plan for each client. Working with the Housing Counselor, each client determines their own level of one-on-one counseling which provides the client with targeted education and information in a confidential setting that allows them to explore their needs and financial realities with the Housing Counselor. In contrast, group counseling allows clients to acquire information in a setting that facilitates interaction with their



peers, many of whom face similar challenges in achieving an appropriate and affordable long-term housing solution. During one-on-one counseling CHDC and the potential buyer sit down face-to-face and go over their credit report and their readiness to purchase. An affordability analysis is conducted and potential buyers are informed of possible barriers to their homeownership and given concrete plans of action for overcoming these barriers. CHDC can provide one-on-one counseling with potential homeowners by phone for those who desire a more extensive look at their financial situation (we fax or email the client information prior to the meeting), and we have established a local phone number for the Vallejo area.

## **ABOUT CHDC**

### ***Mission***

Create and sustain vibrant communities that make a positive impact in people's lives by providing high quality affordable housing and neighborhood services.

### ***Overview***

Community Housing Development Corporation, headquartered in Richmond, California, is a community-based, non-profit organization that builds up people and neighborhoods. It has 22 years of experience creating high quality affordable housing for homeownership and rental, and creating opportunities for people to achieve financial security and improve their community environment. CHDC serves about 2500 people each year through housing development and management; direct services such as homeownership counseling, financial fitness, volunteer tax filing assistance and foreclosure intervention; and community building activities.

### ***Real Estate Development***

As a nonprofit developer of affordable homes for sale and rental, CHDC creates high quality housing options that improve neighborhoods. We meet with community members and stakeholders to ensure meaningful public involvement and give current residents a clear voice in the development process. CHDC develops single family homes; multi-unit affordable rental projects; and mixed-use projects with commercial as well as residential opportunities. We are recognized as a leading affordable homeownership developer.

CHDC develops housing for families of all sizes and ages, seniors, and people with disabilities. We emphasize affordability for people with incomes below 80% of the area median income. Our for-sale properties are targeted to first time buyers. Buyers are prepared and qualified to purchase through CHDC's Homeownership Program.

CHDC has developed, co-developed or acquired a total of 961 affordable housing units in the Richmond area. These include 226 new or rehabilitated homes for first time buyers with low or moderate incomes. Homeownership project sizes range from scattered-site infill homes to an 87-home subdivision. We have also completed or acquired 735 units of rental housing, some of which are planned to offer residents a future ownership interest through a mutual housing organizational structure.

Some of CHDC's developments include:

- James Lee Court – 26-unit multifamily development, acquisition/rehab
- Lillie Mae Jones Plaza – 26-unit multifamily development, new construction
- Scattered Site Single-Family Acquisition/Rehab – 25, for-sale, single family homes
- Filbert Homes – 8 for-sale homes, new construction
- Jelani Park – 8 for-sale homes, new construction

- Wood Estates – 18 for-sale homes, new construction
- North Point – 8-unit subdivision, new construction
- Parkway Estates – 87 for-sale homes, new construction
- Chesley Mutual Housing – 30-unit multifamily development, new construction
- Pullman Point – 199-unit multifamily development, rehabilitation
- Community Heritage Senior Apartments – 52-unit senior housing, new construction

***Tax Credit, State, and Federally Funded Projects***

CHDC's has successfully developed five tax credit projects, and one HUD 202. In addition, CHDC was awarded State MHP supportive housing funds, and Contra Costa County HOPWA and MHSA funds for the development and operation of Lillie Mae Jones Plaza. CHDC also has relationships with non-profit lenders such as the LISC and the S.H. Cowell Foundation.

***Acquisition/Rehabilitation in Vallejo and North Richmond & NSP Projects***

CHDC has completed numerous single family rehabs and has developed an Acquisition/Rehab Business Plan, Procedures Manual, and Rehab Specifications.

CHDC's subsidiary, Parkway Housing, Inc., is a selected Neighborhood Stabilization Program (NSP) developer for Contra Costa County and the City of Richmond. CHDC has acquired 11 single family homes and one 4-plex under NSP 1. As of 2012, all NSP projects have been completed and most have been sold.

**Completed Contra Costa County NSP1 Homes**

- 361 Market Avenue, North Richmond
- 1709 3rd Street, North Richmond
- 1822 3rd Street, North Richmond
- 1837 5th Street, North Richmond
- 152 Malcolm Street, North Richmond
- 1551 Truman Street, North Richmond

**Completed Vallejo Homes**

- 607 Mark Avenue
- 1314 El Dorado
- 2100 Griffin Drive
- 105 Los Gatos
- 331 Pepper Drive

Contra Costa County NSP staff involved with CHDC NSP 1 activities is Kara Douglas, Affordable Housing Program Manager, Contra Costa County Department of Conservation and Development, 2530 Arnold Drive, Suite 190, Martinez, CA 94553, (925) 335-7223.

### Completed City NSPI Homes

- 425 S. 27th Street, South Richmond
- 253 S. 6th Street, South Richmond
- 1412 York Street, North Richmond
- 37 2<sup>nd</sup> Street, Central Richmond
- 578 2<sup>nd</sup> Street, Central Richmond
- 520-526 S.28<sup>th</sup> Street, South Richmond (4-plex rental)

City of Richmond staff involved with CHDC's NSPI activities is Charice Duckworth, Development Project Manager II, Housing & Community Development Division, Richmond Community Redevelopment Agency, 440 Civic Center Plaza, Richmond, CA 94804, (510) 412-2052.

### *Property Management*

CHDC's property management arm, NREDC Property Management is a comprehensive housing management program providing quality, caring property management services to housing developed by and/or owned by CHDC. It is the responsibility of NREDC Property Management to fulfill CHDC's long-term commitment to the quality of the lives of our residents, the physical appearance and fiscal stability of our properties, and the well-being of the neighborhoods and communities in which our housing is located. CHDC/NREDC takes its responsibility to honor its commitment to residents, investors, partners and other stakeholders very seriously. NREDC believes that affordable housing is a vital part of stabilizing and sustaining communities and should remain an asset to its community over the long term.

NREDC is currently responsible for providing direct property management services for:

- Barrett Terrace Apartments. BT is a 236 HUD multifamily project containing 1,2,3 & 4 bedroom units for a total of 117 units. BT has a full complement of staff including resident services and an activities coordinator.
- Barrett Plaza Townhouses. BP is a 236 HUD multifamily project containing 3 & 4 bedroom townhouses for a total of 58 units. BT has a full complement of staff including resident services and an activities coordinator.
- Community Heritage Senior Housing. CHSH is a HUD 202 PRAC senior project containing 46 (1) bedroom units. CHSH has a full complement of staff including a resident services coordinator.
- James Lee Court. JLC is a family project containing 1,2,3 & 4 bedroom units for a total of 26 units. JLC is an expired tax credit property which also has Section 8 and RHCP funding. JLC has a full complement of staff including an activities coordinator.

In addition, NREDC provides asset management services for Pullman Point. Pullman Point is a 199-unit HUD 236 project.



## ***Homebuyer Program***

CHDC's Homebuyer Program was developed in 2002 to help low and moderate income potential homeowners address barriers to homeownership. The process of becoming a homeowner presents special challenges for some low-income households. Often, lower income buyers have difficulty qualifying for traditional loans and need help to access financing that better meets their needs. In addition, limited savings and low equity render low-income potential homeowners vulnerable to mortgage delinquencies and predatory lending. Since the beginning of the program, CHDC has assisted over 200 low and moderate income families achieve their dream of purchasing a home.

CHDC has counseled close to 700 households and provided services that support first time homebuyers before and after they purchase to ensure their success as happy homeowners. The program also facilitates home purchase closing through case management and document reviews in partnerships with the City of Richmond, Contra Costa County and private developers.

CHDC offers the following pre-purchase homebuyer services in English and Spanish:

- First Time Homebuyer Workshop Certification
- Credit Counseling
- Loan Qualification Analysis
- Loan Document Review
- Budget Planning
- Facilitation of Down Payment Assistance
- Deed Restriction Counseling
- Lender Referrals
- Real Estate Referrals

CHDC's post-purchase activities begin soon after purchase, before new homeowners get into trouble. CHDC helps homeowners build savings and be more prepared for dealing with unforeseen events, such as the loss of a job, divorce or illness. The following post-purchase activities are delivered in English and in Spanish:

- Delinquency and Foreclosure Counseling
- Refinance Counseling
- Deed Restriction Counseling
- Home Maintenance Workshops
- Home Maintenance Referrals
- Emergency Preparedness Workshops
- Anti-Predatory Lending Workshops
- Reverse Mortgage Counseling Referrals
- Re-finance Loan Document Review
- Tax and Insurance Counseling and Referral



## **Donald A. Gilmore, Executive Director**

As the Executive Director of Community Housing Development Corporation of North Richmond (CHDC) since 1992, Donald Gilmore is known for spearheading comprehensive neighborhood revitalization efforts. Under Don's leadership, CHDC has completed over 1300 units for affordable rental and homeownership; created and operated programs that foster economic and leadership development for neighborhood residents; built diverse partnerships as well as a strong internal organization to achieve economic improvement for traditionally disinvested neighborhoods; and extended the company's reach to serve communities in Contra Costa, Alameda and Solano Counties. As CHDC's first executive director, Don has built the organization from an all-volunteer effort to one with a staff of 21 employees and four core programs: Real Estate Development, Homeownership & Asset Building, Community Building and a property management arm that is housed in CHDC's affiliate nonprofit company, North Richmond Economic Development Corporation. Most recently, under Don's leadership, CHDC has also added business lines in real estate brokerage services, with a focus on affordability for first time buyers; and lending, with a focus on providing sustainable home loan products to the low-moderate income first time buyer.

Prior to his leadership at CHDC, Mr. Gilmore worked with the City of Alameda Housing Authority as a Housing Development Specialist, and with Richmond Neighborhood Housing Services as Executive Director. He is a graduate of Harvard University's Achieving Excellence program, holds a bachelor's degree from the College of Idaho and holds numerous professional certifications. He has served on boards of the Non Profit Housing Association of Northern California, East Bay Housing Organizations, the National Center for Employment Training, the Center for Health of North Richmond, and the Board of Deacons at Bethel Missionary Baptist Church in Oakland, California. Don has been married for 29 years, has two daughters and is a son of the late Carter Gilmore, a former Oakland City Councilman.

### **About CHDC:**

Community Housing Development Corporation, headquartered in Richmond, California, is a community-based, non-profit organization that builds up people and neighborhoods. It has 21 years of experience creating high quality affordable housing for homeownership and rental, and creating opportunities for people to achieve financial security and improve their community environment. CHDC serves about 2500 people each year through housing development and management; direct services such as homeownership counseling, financial fitness, volunteer tax filing assistance and foreclosure intervention; and community building activities. Visit us at [www.chdcnr.org](http://www.chdcnr.org).

**Darlene Williams, Deputy Director**

Darlene Williams has been Community Housing Development Corporation's (CHDC) deputy director since 1999. As a member of CHDC's executive leadership team, Ms. Williams works closely with the executive director and board in developing and implementing CHDC's strategic plans and goals. Ms. Williams also works closely with the chief financial officer and the directors of CHDC's various departments to sustain and grow programs and services. As a licensed real estate agent, Ms. Williams is in charge of the disposition of CHDC's completed single-family for-sale homes and handles the negotiations of leases, lease administration, asset management, and property management of CHDC-owned properties.

Ms. Williams has over 20 years of experience in affordable housing. Prior to joining CHDC, Ms. Williams was the Executive Director at Housing Conservation and Development Corporation (HCDC) in San Francisco. At HCDC, Ms. Williams was responsible for overseeing the development and implementation of the organization's short- and long-term strategic plans and goals. She was responsible for overall direction of the organization's real estate development efforts (rehabilitation and new construction) including feasibility, planning/analysis, acquisition, and financing.

Ms. Williams holds a bachelor's degree in political science from San Francisco State University in San Francisco, CA. She is a graduate of the Local Initiative Support Corporation's Housing Development Training Institute (HDTI) and the Bank of America Leadership Academy. Ms. Williams also holds a Real Estate License from California and have completed numerous courses in real estate development and financing, fair housing, and real estate law and investment.

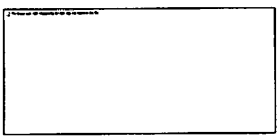
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## **Joanna Griffith, Assistant Director of Real Estate Development**

Joanna Griffith has been with CHDC for over 15 years serving at various capacities. She is currently the Assistant Director of Real Estate Development where she oversees all of the organization's projects. She supervises the real estate development department staff of 3 project and assistant project managers who work tirelessly to provide affordable housing opportunities to low-income households in Richmond and other cities throughout the East Bay. She is responsible for overseeing all phases of the development process – from site conception through predevelopment, construction, and lease-up. Ms. Griffith is responsible for preparing and analyzing financial feasibility of projects and developing financial solutions to move projects forward. Ms. Griffith works closely with CHDC's executive director and project committee, which consist of several members of CHDC's board, in developing CHDC's long-term strategic goals and objectives.

Ms. Griffith's accolades include the recent completion of the Lillie Mae Jones Plaza – a \$13.1 million new construction rental development located in Richmond, CA. The project is a joint venture between CHDC and the East Bay Asian Local Development Corporation (EBALDC). The 26-unit development includes one, two, three, and four bedroom units serving households with incomes below 45 percent of the area median income. Ms. Griffith was also responsible for the completion of Jelani Park, which consists of 13 affordable single-family, detached three- and four-bedroom homes located just a block from Richmond BART. She is also currently overseeing CHDC's neighborhood stabilization efforts in unincorporated Contra Costa County, the City of Richmond, and the City of Vallejo.

Ms. Griffith's education includes completion of the Local Initiatives Support Corporation's (LISC) Housing Development Training Institute (HDTI) and the National Development Council's Rental Housing Development Finance course. In addition, Ms. Griffith holds numerous professional certificates from the Neighborhood Reinvestment Training Institute – Real Estate Management, Housing Management for Nonprofits, Design and Specification, Cost Estimation, and Rehab Management.

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## **Rita Dorton-Curtis, Director of Programs**

Rita Dorton-Curtis has over 25 years working in the financial arena and working with affordable non-profit housing organizations. In November 2013 she joined Community Housing Development Corporation as Director of Programs, and from 2008-13 she served as Vice President of Homeowner Relations with Habitat for Humanity-East Bay/Silicon Valley. At Habitat for Humanity Rita was responsible for introducing HUD-certified homeownership counseling procedures and secured HUD Approval as a Housing Counseling Agency. She oversaw outreach, marketing, training, financing, escrow, and involvement of families in the process of building, saving for, and purchasing their affordable homes. As an expert in affordable homeownership financing and escrow, she worked with each future owner to become financially prepared as well as participate in Habitat's sweat equity program. She also participated in strategic and development planning, and assured that programs were responsive to the particular communities they served throughout the East Bay and Silicon Valley.

Prior to joining Habitat, Rita worked in the private sector as a realtor, loan officer and loan processor as well as in nonprofit affordable homeownership. She founded and led Homeownership Opportunities, Inc., a Richmond-based non-profit that provided housing counseling services to families referred by the City of Richmond and the City of San Pablo. Homeownership Opportunities became the City of Richmond's designated Homeownership Center. Families interested in acquiring housing or properties within Richmond were referred to Homeownership Opportunities for housing counseling services prior to meeting with city staff. Pre-qualification services included one-on-one counseling, credit evaluation, credit repair, debt reduction, budgeting, money management, foreclosure prevention, home maintenance, workshops and seminars.

Before founding Homeownership Opportunities, Rita worked for Community Housing Development Corporation of North Richmond and Richmond Neighborhood Housing Services, Inc. In the course of her career she has won several awards, including Richmond Redevelopment and Community Development Agency's Unsung Hero Proclamation and the City of Richmond's HOPE VI Certificate of Appreciation.

## **Charles Fowlkes, Chief Financial Officer**

Charles Fowlkes was appointed Community Housing Development Corporation's Chief Financial Officer in 2008. As the Chief Financial Officer, Mr. Fowlkes serves as a member of CHDC's executive leadership team and provides operational and programmatic support to the organization and all its affiliates. He manages an operating budget of over \$4 million and oversees the organization's long-term budgetary strategy and costs management, and ensures the financial capacity of the organization to meet its strategic goals. Mr. Fowlkes oversees the accounting department and safeguards the maintenance of internal controls and financial procedures as well as supervising CHDC's accounting and finance staff.

Mr. Fowlkes has 30 years of experience in accounting and finance. Prior to joining CHDC, Mr. Fowlkes worked at Oakland Community Housing, Inc. (OCHI) as the organization's Controller. In this capacity, Mr. Fowlkes was in charge of analyzing and preparing financial statements for all 28 properties managed by OCHI and its affiliates. At OCHI, Mr. Fowlkes implemented new accounting systems and procedures, and was responsible for initiating yearly audits. He also held the position of Associate Director of Finance at North General Hospital, a 200-bed hospital in the Harlem neighborhood in New York. At North General Hospital, Mr. Fowlkes supervised a staff of 15 employees responsible for overseeing the hospital's operating budget of over \$100 million.

Mr. Fowlkes holds a bachelor's degree in accounting from St. Peters College in Orange, NJ. Additionally, he holds numerous professional certifications in finance and accounting. He has served on the board of the Providence Foundation, the nonprofit philanthropic arm of Providence Baptist Church, a 2,000-member church in the Bay View Hunters Point neighborhood in San Francisco. Mr. Fowlkes also provided leadership in the development of Providence Senior Housing, a HUD Section 202 project consisting of 50 affordable units for seniors.

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### **Joshua Dinnien, Assistant Project Manager**

Joshua joined Community Housing Development Corporation in January of 2015. He is currently an assistant project manager in the Real Estate Development Department. In this capacity, Joshua works with CHDC's senior project managers and assistant director of real estate development in managing projects in all aspect of the real estate development process – from predevelopment, construction, and completion. Joshua assists with the preparation of project financing applications and compliance reports. Joshua helps manage project budgets and prepares payment applications to government agencies and other public and private funders.

Joshua joined CHDC through the Local Initiatives Support Corporation (LISC) Americorps Program. Prior to joining CHDC, Joshua worked as a community organizer with the Working Families Party in Brooklyn, New York. There he led several successful political fundraising and election campaigns throughout the region. Joshua also taught English as a Second Language at Gyeongju University in South Korea from 2010-2012. While doing so, he was a volunteer instructor for students from low income households and instructed students in vocational and job training.

Joshua holds a degree in History from the University of Pittsburgh.

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## COMMUNITY HOUSING DEVELOPMENT CORPORATION

### 2015 BOARD OF DIRECTORS

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**Jesse Slocum**, Secretary  
Retired-Data Processing Supervisor-(\*R)  
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(510) 235-8223 (h)  
slocum691@aol.com

**Norma Thompson**, Treasurer  
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## RESOLUTION NO. 003-15

### AUTHORIZING RESOLUTION OF COMMUNITY HOUSING DEVELOPMENT CORPORATION

RESOLUTION APPROVING AND AUTHORIZING THE SUBMISSION OF APPLICATIONS TO THE CITY OF VALLEJO FOR COMMITMENTS OF FUNDING UNDER THE FY 2015/2016 NOFA (NOTICE OF FUNDING AVAILABLE) AND, IF AWARDED, THE CLOSING OF THE LOANS AND/OR GRANTS FOR THE ACQUISITION/REHABILITATION OF SINGLE-FAMILY HOMES IN THE CITY OF VALLEJO.

At a duly constituted meeting of the Board of Directors of Community Housing Development Corporation, a California nonprofit public benefit corporation (the "Corporation") held on January 21, 2015 the following resolutions were adopted:

**RESOLVED**, that the Board of Directors of CHDC, hereby jointly and severally agree to authorize CHDC to submit applications to the City of Vallejo for commitments of funding under the FY 2015/2016 NOFA to conduct acquisition/rehabilitation activities of single-family homes located within the City of Vallejo.

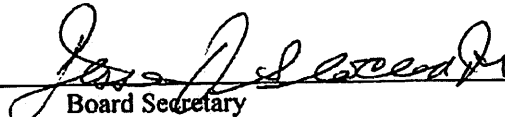
**WHEREAS**, the Board of Directors deems it to be in the best interest of CHDC to apply for funding available under the City of Vallejo's FY 2015/2016 NOFA and, if awarded, close the financing needed to complete the necessary development activities associated with the acquisition and/or rehabilitation of single-family homes within the City of Vallejo.

**NOW, THEREFORE BE IT FURTHER RESOLVED**, that the Board of Directors of CHDC hereby authorizes the submission of an application to the City of Vallejo in response to the FY 2015/2016 NOFA for funding in the form of loans and/or grants not to exceed \$1.3 Million under the HOME Investment Partnerships Act (HOME) Program.

**FURTHER RESOLVED**, that Donald Gilmore, Executive Director or Darlene Williams, Deputy Director shall be authorized and directed to execute any and all documents, agreements, and certificates, including but not limited to promissory notes, loan agreements, deeds of trusts, assignment agreements, regulatory agreements, subordination agreements, security agreements, guaranties, financing statements, and any other types of documents necessary for CHDC to consummate the HOME funding and/or perform any and all other activities contemplated in this resolution.

I, the undersigned, hereby certify that the foregoing is a true copy of the Resolution adopted by the Board of Directors of Community Housing Development Corporation at a meeting of a said Board held on the aforementioned date, and that said Resolution is in full force and effect.

Dated: January 27, 2015

  
Board Secretary





**IRS** Department of the Treasury  
Internal Revenue Service

P.O. Box 2508  
Cincinnati OH 45201

In reply refer to: 0248162350  
Dec. 15, 2010 LTR 4168C E0  
68-0235719 000000 00

00017898

BODC: TE

COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND  
1535 3RD ST STE A  
RICHMOND CA 94801-1525



008754

Employer Identification Number: 68-0235719  
Person to Contact: John G Edwards Jr  
Toll Free Telephone Number: 1-877-829-5500

Dear Taxpayer:

This is in response to your Dec. 06, 2010, request for information regarding your tax-exempt status.

Our records indicate that you were recognized as exempt under section 501(c)(03) of the Internal Revenue Code in a determination letter issued in May 1996.

Our records also indicate that you are not a private foundation within the meaning of section 509(a) of the Code because you are described in section(s) 509(a)(1) and 170(b)(1)(A)(vi).

Donors may deduct contributions to you as provided in section 170 of the Code. Bequests, legacies, devises, transfers, or gifts to you or for your use are deductible for Federal estate and gift tax purposes if they meet the applicable provisions of sections 2055, 2106, and 2522 of the Code.

Please refer to our website [www.irs.gov/eo](http://www.irs.gov/eo) for information regarding filing requirements. Specifically, section 6033(j) of the Code provides that failure to file an annual information return for three consecutive years results in revocation of tax-exempt status as of the filing due date of the third return for organizations required to file. We will publish a list of organizations whose tax-exempt status was revoked under section 6033(j) of the Code on our website beginning in early 2011.

1514125

ENDORSED  
FILED

In the office of the Secretary of State  
of the State of California

MAY 5 1 1990

ARTICLES OF INCORPORATION

OF

COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND

MARCH FONG EU, Secretary of State

I

The name of this corporation is Community Housing Development Corporation of North Richmond.

II

A. - This corporation is a nonprofit public benefit corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation law for charitable purposes.

B. The specific purposes of this corporation are:

1. To substantially improve the quality of life of residents of Contra Costa County by raising the economic, educational, social and environmental conditions in the area.

2. To expand opportunities available to residents and groups to obtain adequate low-cost housing accommodations by constructing, rehabilitating, and providing decent, safe and sanitary housing for persons and families of low-to-moderate income who are in need of a suitable place to live.

3. To help relieve the poor, distressed, underprivileged and indigent by enabling them to secure the basic human needs of decent shelter and to thus lessen the burden on government.

4. To provide such housing through rehabilitation of existing substandard buildings and the construction of new facilities in the place of blighted structures or blighted vacant sites for the purpose of combatting the deterioration of the community and contributing to its physical improvement.

C. In furtherance, but not in limitation, of the foregoing charitable, educational and scientific purposes, the Corporation shall have the following powers:

1. To borrow money, and to make, accept, endorse, execute and issue bonds, debentures, promissory notes, and other corporate obligations for monies borrowed, or in payment for property acquired or for any of the purposes of the corporation, and to secure payment of any such obligation by mortgage, pledge, deed, indenture agreement or other instrument of trust, or by other lien upon, assignment of or agreement in regard to all or

any part of the property, rights or privileges of the corporation.

2. To conduct educational, advocacy, and other efforts to eliminate prejudice and discrimination in the housing, business and financial communities and to foster the establishment of sound and constructive relationships with these communities that will further the primary purposes of this corporation.

3. To engage in the activity of operating business ventures for the purpose of providing job training, employment, and managerial development opportunities to said residents for the charitable purpose of furthering the economic development of the community.

4. To engage in other activities which will directly or indirectly improve the welfare and economic conditions of said residents and groups.

### III

The name and address in the State of California of this corporation's initial agent for service of process is Faheem A. Hameed, 305 Chesley Avenue, Richmond, California, 94901.

### IV

This corporation is organized and operated exclusively for charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

### V

The property of this corporation is irrevocably dedicated to charitable purposes and no part of the net income or assets of this corporation shall ever inure to the benefit of any director, officer or member thereof or to the benefit of any private person. Upon the dissolution or winding up of the corporation, its assets remaining after payment, or the provision for payment of all debts and liabilities of this corporation shall be distributed to a nonprofit fund, foundation or corporation which is organized and operated exclusively for charitable purposes and which has established its tax exempt status under Section 501(c)(3) of the Internal Revenue Code.

DATE May 24, 1990

Faheem A. Hameed

Faheem A. Hameed, Incorporator

**AMENDED AND RESTATED  
BYLAWS**

**OF**

**THE COMMUNITY HOUSING DEVELOPMENT  
CORPORATION  
OF  
NORTH RICHMOND**

**(A CALIFORNIA NONPROFIT PUBLIC BENEFIT CORPORATION)**

**Revised 08.07.08**

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Certificate of Secretary

**ARTICLE 1.  
NAME**

The name of this corporation shall be the Community Housing Development Corporation of North Richmond.

**ARTICLE 2.  
OFFICES**

Section 2.1 Principal Executive Office. The principal executive office of the corporation shall be located in Contra Costa County, California. The Board of Directors may change the location of this office. Any such change shall be noted on these Bylaws by the Secretary, opposite this section, or this section may be amended to state the new location.

Section 2.2 Other Offices. Other offices may at any time be established at any place or places by the Board of Directors.

**ARTICLE 3.  
OBJECTIVES AND PURPOSES**

The Corporation shall be dedicated primarily to the promotion of the general welfare and economic development of low-income groups residing in the State of California and elsewhere, as stated in greater detail in Article II of this corporation's Articles of Incorporation.

This corporation has been formed under the California Nonprofit Public Benefit Corporation Law for the charitable purposes described above, and it shall be Nonprofit and non-partisan. No substantial part of the activities of the corporation shall consist of the publication or dissemination of materials or statements with the purpose of attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign on behalf of or in opposition to any candidate for public office.

The corporation shall not, except to an insubstantial degree, engage in any activities or exercise any powers that are not in furtherance of the charitable purposes described in the Articles of Incorporation.

**ARTICLE 4.  
DEDICATION OF ASSETS**

The properties and assets of this nonprofit corporation are irrevocably dedicated to charitable purposes. No part of the net earnings, properties, or assets of this corporation, on dissolution or otherwise, shall inure to the benefit of any private person or individual, or any member, director or officer of this corporation. On liquidation or dissolution, all properties, assets, and obligations shall be distributed and paid over to an organization dedicated to charitable purposes which has established its tax-exempt status under Internal Revenue Code Section 501(c)(3).

**ARTICLE 5.  
MEMBERSHIP**

Section 5.1 Statutory Members. The corporation shall not have any members within the meaning of Section 5056 of the California Corporations Code.

Section 5.2 Non-statutory Members. Upon designation of criteria for advisory membership by the Board of Directors, the corporation may have advisory members who are not members within the meaning of Section 5056 of the California Corporations Code.

**ARTICLE 6.  
BOARD OF DIRECTORS**

Section 6.1 Powers. Subject to the provisions of the California Nonprofit Corporation Law, the activities and affairs of the corporation shall be managed and all corporation powers shall be exercised by or under the direction of the Board of Directors. The Board of Directors may delegate the management of the day-to-day operation of the business of the corporation to a management company, committee (however composed), or other person, provided that the activities and affairs of the corporation shall be managed and all corporate powers shall be exercised under the ultimate direction of the Board of Directors.

Section 6.2 Number of Directors. The Board of Directors shall, from time to time by resolution, fix the number of Directors, but at no time shall there be fewer than five (5) or no more than fifteen (15) Directors.

Section 6.3 Qualifications of Directors. Each Director shall be a natural person at least 21 years of age.

The members of the Board of Directors shall be appointed by the Board of Directors.

It is the intent of the corporation that the composition of the Board of Directors shall represent a diversity of technical skills to enable the Board of Directors to make informed, well-balanced decisions on the economic viability and social impact of its activities. To establish and maintain a Board of Directors that reflects a partnership among resident leaders, the private business community and public officials, in which at least one-third of the Board members are residents. Resident board members can be a resident of a low-income neighborhood within the organization's service area or low-income resident of the organization's service area or an individual who is elected or appointed to represent residents of a low-income community within the organization's service area.

Section 6.4 Restriction on Interested Directors. No persons serving on the Board of Directors at any time may be interested persons. An interested person is:

(a) Any director, principal, officer, or member of a committee with the Board's delegated powers who has a direct or indirect Financial Interest (as defined below;



(b) Any person being compensated by the corporation for services rendered to it within the previous twelve (12) months, whether a full-time or part-time employee, independent contractor, or otherwise, excluding any reasonable compensation paid to a director as director; or

(c) Any brother, sister, ancestor, descendant, spouse, brother-in-law, sister-in-law, son-in-law, daughter-in-law, mother-in-law, or father-in-law of any such person. However, any violation of the provisions of this section shall not affect the validity or enforceability of any transaction entered into by the corporation.

Section 6.5 Conflict of Interest. The Board of Directors shall follow the provisions set forth in this Section 6.5 regarding Conflict of Interest.

(a) Financial Interest. A person has a Financial Interest if the person has, directly, or indirectly, through business, investment or family – (i) an ownership or investment interest in any entity with which the Corporation has a transaction or arrangement with, (ii) a compensation agreement with the Corporation or with any entity or individual with which the Corporation has a transaction agreement, or (iii) a potential ownership or investment interest in, or compensation agreement with, any entity or individual with which the Corporation is negotiating a transaction or agreement. Compensation includes direct and indirect remuneration as well as gifts or favors that are substantial in nature.

(b) Duty to Disclose. In connection with any actual or possible conflict of interest, an Interested Person must disclose the existence and nature of his/her Financial Interest and must be given the opportunity to disclose all material facts to the directors (or members of the appropriate committee with board delegated powers) considering the proposed transaction or undertaking.

(c) Determining Whether a Conflict of Interest Exist. After disclosure of the Financial Interest and all material facts, and the Interested Person shall leave the Board or committee meeting while the determination of conflict of interest is discussed and voted upon. After exercising due diligence, the Board or committee, if appropriate, shall determine whether the Corporation can obtain a more advantageous transaction or agreement with reasonable efforts from a person or entity that would not give rise to a conflict of interest. If a more advantageous transaction or agreement is not reasonably attainable under circumstances that would not give rise to a conflict of interest, the board or committee shall determine by a majority vote of the Directors other than the Interested Person whether the transaction or agreement is in the Corporation's best interest and for its own benefit and whether the transaction is fair and reasonable to the Corporation, and shall make its decision as to whether to enter into the transaction or arrangement in conformity with such determination. The minutes of the Board and all committees with board-delegated powers shall record the names of all persons participating in the meeting, a summary of the discussion, including any proposed alternative agreements, and a record of any votes taken in connection with the final determination.

(d) Determining What is Fair. To be considered fair and reasonable and to avail itself of the rebuttable presumption of reasonableness as set forth in 26 U.S.C. Section 4958, the Corporation shall use comparability data by looking at similar transactions by a least

three similar entities if the Corporation has annual gross receipts (including contributions) of less than \$1 million (or more than three similar transactions for larger Corporations). A fair and reasonable transaction is generally an arms-length transaction.

(e) Annual Statements. Each director, principal officer and member of a committee with board delegated powers, shall annually sign a statement which affirms that such person (i) has received a copy of the conflicts of interest policy, (ii) has read and understands the policy, (iii) has agreed to comply with the policy, and (iv) understands that the Corporation is a charitable organization and that in order to maintain its federal tax-exemption, it must engage primarily in activities which accomplish one or more of its tax-exempt purposes.

(f) Periodic Review. To ensure that the Corporation operates in a manner consistent with its charitable purposes and that it does not engage in activities that could jeopardize its status as a an organization exempt from federal income tax, periodic reviews of the conflicts of interest policy and requirements shall be conducted

Section 6.6 Election and Term of Office. At the corporation's annual meeting in January 1998, the directors shall be classified into three groups for the purpose of providing, as nearly as numerically possible, for the election of one-third of the Board of Directors each subsequent year in which the membership of the Board shall change. The first group shall consist of directors whose term of office shall continue for three years. The second group shall consist of directors whose term of office shall continue for four years. The third group shall consist of directors whose term of office shall continue for five years.

Except as provided above, the term of office of each director shall be five years and until his or her successor has been selected and seated.

If any annual meeting is not held or the directors are not appointed at the annual meeting of the Board of Directors, the directors may be appointed at any meeting of the Board of Directors. After January 1998, any director, including those who begin in terms in January 1998, may succeed himself or herself in office once, but thereafter no director may serve more than two consecutive terms.

Section 6.7 Vacancies and Removal. A vacancy in the Board of Directors shall be deemed to exist on the occurrence of the following:

- (i) The death, resignation, or removal of any director;
- (ii) The declaration by the Board of Directors of a vacancy in the office of a director who has been declared of unsound mind by a final order of the court, or convicted of a felony, or has been found by a final order or judgment of any court to have breached any duty under Sections 5230-38 of the California Corporations Code dealing with standards of conduct for a director.
- (iii) The failure of a director to attend three (3) out of five (5) consecutive general meetings of the board of Directors or a total of five (5) meetings of the Board of Directors without a leave of

directors participating in the meeting can hear one another, and all such directors shall be deemed to be present in person at such meeting.

Section 6.10 Annual Meeting. The Board of Directors shall hold a regular meeting in January of each year, for the purpose of appointing directors and officers of the corporation, and for the transaction of other business. Notice of the annual meeting shall be given in the manner set forth in Section 6.12 of this Article 6.

Section 6.11 Other Regular Meetings. Other regular meetings of the Board of Directors shall be held at such times as fixed by the Board of Directors.

Section 6.12 Special Meetings. Special meetings of the Board of Directors for any purpose may be called at any time by the Chairperson of the Board, the Executive Director, the Secretary, or any two directors.

Written notice of the time and place of special meetings shall be delivered personally to each director or communicated to each director by telephone, or by telegraph or first-class mail, with charges prepaid, addressed to the director at the director's address as it is shown upon the records of the corporation or, if it is not so shown on such records or is not readily ascertainable, at the place at which the meetings of the directors are regularly held. In case such notice is mailed, it shall be deposited in the United States mail at least four (4) days prior to the time of the holding of the meeting. In such case notice is delivered personally or by telephone or telegraph, it shall be so delivered at least forty-eight (48) hours prior to the time of the holding of the meeting. Such mailing or delivery, personally or by telephone or telegraph, shall be due, legal, and personal notice to such director.

Notice of a meeting need not be given to any director who signs a waiver of notice or a consent to holding the meeting or an approval of the minutes of the meeting, whether before or after the meeting, or who attends the meeting without protesting, prior to the meeting or at its commencement, the lack of notice to such director. All such waivers, consents, and approvals shall be filed with the corporate records or made a part of the minutes of the meeting.

Section 6.13 Action at a Meeting: Quorum and Required Vote. Presence of a majority of the directors then in office or three directors, whichever is greater, at a meeting of the Board of Directors constitutes a quorum for the transaction of business, except as otherwise provided in these Bylaws. Every act done or decision made by a majority of the directors present at a meeting duly held at which a quorum is present shall be regarded as the act of the Board of Directors, unless a greater number, or the same number after disqualifying one or more directors from voting, is required by the Articles of Incorporation, these Bylaws, or the California Nonprofit Corporation Law. A meeting at which a quorum is initially present, including an adjourned meeting, may continue to transact business notwithstanding the withdrawal of directors, if any action taken is approved by at least a disinterested majority of the required quorum for such meeting, or such greater number as required by the Articles of Incorporation, these Bylaws or the California Nonprofit Corporation Law. Adoption or revocation of a plan of merger; consolidation; voluntary dissolution; bankruptcy or reorganization; or for the sale, lease, or exchange of all or substantially all of the property and assets of the corporation otherwise than

in the usual and regular course of its business, requires the approval of two-thirds (2/3) of the authorized number or directors of the corporation.

Section 6.14 Adjourned Meeting and Notice. A majority of the directors present, whether or not a quorum is present, may adjourn any meeting to another time and place. If the meeting is adjourned for more than twenty-four (24) hours, notice of any adjournment to another time or place shall be given prior to the time of the adjourned meeting to the directors who were not present at the time of the adjournment. Such notice may be waived in the manner provided for in Section 6.12.

Section 6.15 Action Without a Meeting. Any action required or permitted to be taken by the Board of Directors may be taken without a meeting, if all members of the Board shall individually or collectively consent in writing to such action. Such written consent or consents shall be filed with the minutes of the proceedings of the Board. Such action by written consent shall have the same force and effect as the unanimous vote of such directors. For purposes of this section only, "all members of the Board", does not include any "interested directors" as defined in Section 5233 of the California Corporations Code.

Section 6.16 Fees and Compensation. Directors and members of committees may receive such reasonable compensation, if any, for their services, and such reasonable reimbursement for expenses, as may be fixed or determined by resolution of the Board of Directors.

## ARTICLE 7. COMMITTEES

Section 7.1 Committees of Directors. The Board or Directors may, by resolution adopted by a majority of the directors then in office, provided that a quorum is present, designate one or more committees, each of which shall consist of two or more directors and may also include members who are not on the Board of Directors, to serve at the pleasure of the Board. The Board may designate one or more alternate members of any committee, who may replace any absent member at any meeting of the committee. The appointment of members or alternate members of a committee requires the vote of a majority of the directors then in office, provided that a quorum is present. Any committee that includes voting members who are not on the Board of Directors may not be delegated to the authority or power of the Board of Directors. Any committee whose voting members consist only of directors, to the extent of the powers specifically delegated in the resolution of the Board of Directors or these Bylaws, may have all or a portion of the authority of the Board of Directors, except that no committee, regardless of Board resolution, may:

(a) Approve any action that, under the California Nonprofit Corporation Law, also requires the affirmative vote of the members of a public benefit corporation.

(b) Fill vacancies on the Board of Directors or in any committee that has the authority of the Board.

- (c) Fix compensation of the directors for serving on the Board or on any committee.
- (d) Amend or repeal the Articles of Incorporation or Bylaws or adopt new Bylaws.
- (e) Amend repeal any resolution of the Board of Directors that by its express terms is not so amendable or repealable.
- (f) Appoint any other committees of the Board of Directors or the members of such committees.
- (g) Approve a plan or merger; consolidation; voluntary dissolution; bankruptcy or reorganization; or for the sale, lease, or exchange all or substantially all of the property and assets of the corporation otherwise than in the usual and regular course or its business; or revoke any such plan.
- (h) Approve any transaction between the corporation and one or more of its directors in which the director or directors have a material financial interest, except as provided by Section 5233 or the California Corporations Code.
- (i) Bind the corporation in a contract or agreement exceeding the amount of \$10,000.

**Section 7.2 Meetings and Actions of Committees.** Meetings and actions or all committees shall be governed by, held, and taken in accordance with, the provisions or Article 6 or these Bylaws, concerning meetings and actions of directors, with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the Board of Directors and its members, except that the time for regular meetings of committees may be determined either by resolution of the Board of Directors or by resolution of the committee. Special meetings of committees may also be called by resolution of the Board of Directors. Notice of special meetings of committees shall also be given to any and all alternate members, who shall have the right to attend all meetings of the committee. Minutes shall be kept of each meeting of any committee and shall be filed with the corporate records. The Board of Directors may adopt rules not inconsistent with the provisions of these Bylaws for the government of any committee.

**Section 7.3 Executive Committee.** Pursuant to Section 7.1, the board may appoint three (3) or more directors, one of whom shall be the Chairperson of the Board, to serve as the Executive Committee of the board. The Executive Committee, unless limited in a resolution of the board, shall have and may exercise all the authority of the Board in the management of the business and affairs of the corporation between meetings of the board; provided, however, that the Executive Committee shall not have the authority of the board in reference to those matters enumerated in Section 7.1. The Secretary of the Corporation shall send to each a summary report of the business conducted at any meeting of the Executive Committee.

**ARTICLE 8.  
OFFICERS**

**Section 8.1 Officers.** The Officers of the corporation shall consist of the Chairperson of the Board, Vice Chairperson of the Board, Executive Director, the Secretary, and the Treasurer, and each of them shall be appointed by the Board of Directors. The Chairperson and Vice-Chairperson shall be directors; other officers may, but need not, be directors. The Board of Directors shall designate one officer as the chief financial officer of the corporation. In the absence of such designation, the Treasurer shall be the chief financial officer. Any two or more offices may be held by the same person, except that neither the Secretary nor the chief financial officer may serve concurrently as either the Executive Director or the Chairperson of the Board. The Board of Directors may appoint, and may empower the Chairperson of the Board, the Executive Director or another officer to appoint, such other officers as the activities of the corporation may require, each of whom shall have such authority and perform such duties as are provided in these Bylaws or as the Board of Directors may from time to time determine.

All officers of the corporation shall hold office from the date appointed to the date of the succeeding annual meeting of the Board of Directors, and until the successors to such officers are elected and qualified; provided that all officers, as well as any other employee or agent of the corporation, may, subject to any claim for breach of contract based on any contractual arrangements between any such person and the corporation, be removed at any time at the pleasure of the Board of Directors, or, except in the case of an officer chosen by the Board of Directors, by any officers upon whom such power of removal may be conferred by the Board of Directors, and upon the removal, resignation, death, or incapacity of any officer, the Board of Directors, the Chairperson of the Board, the Executive Director or other officer has been vested by the Board of Directors with power to appoint, may declare such office vacant and fill such vacancy.

Any officer may resign at any time by giving written notice to the Board of Directors, the Chairperson of the Board, the Executive Director, or the Secretary of the corporation, without prejudice, however, to the rights, if any, of the corporation under any contract to which such officer is a party. Any resignation shall take effect on the date of the receipt of such notice or at any later time specified in the resignation; and, unless otherwise specified in the resignation, the acceptance of the resignation shall not be necessary to make it effective.

The salary and other compensation of the officers shall be fixed from time to time by resolution of or in the manner determined by the Board of Directors.

**Section 8.2 Duties of the Chairperson of the Board.** The Chairperson of the Board shall, when present, preside at all meetings of the Board of Directors and Executive Committee and shall perform all the duties commonly incident to that office. The Chairperson of the Board shall have authority to execute in the name of the corporation all bonds, contracts, deeds, leases, and other written instruments to be executed by the corporation (except when by law the signature of the Executive Director is required), and shall perform such other duties as the Board of Directors may from time to time determine.

Section 8.3 Duties of the Vice-Chairperson of the Board. The Vice-Chairperson of the Board shall possess the powers and discharge the duties of the Chairperson in the latter's absence or disability.

Section 8.4 Duties of the Executive Director. The Executive Director shall function as the General Manager and Chief Executive Officer of the corporation, and shall manage the corporation in administering the conduct of its business. Where appropriate, the Board of Directors shall place the Executive Director under a contract of employment. The Executive Director shall be responsible to and governed by the Board of Directors, shall report to and advise the board on all significant matters of the corporation's business and shall see that all orders and resolution of the board are carried into effect. The Executive Director shall be empowered to act, speak for or otherwise represent the corporation between meetings of the board within the boundaries of policies and purposes established by the board and as set forth in the Articles or Incorporation and Bylaws. The Executive Director shall be responsible for the hiring and firing of all personnel other than officers elected by the board, and shall be responsible for keeping the board informed at all times of staff performance as related to program objectives, and for implementing any personnel policies adopted by the board. The Executive Director is authorized to contract, receive, deposit, disburse and account for funds of the corporation in fulfillment of the corporation's objectives; to execute in the name of the corporation all bonds, contracts, deeds, leases, and other written instruments to be executed by the corporation; and to negotiate all material business transaction or the corporation.

Section 8.5 Duties of the Secretary and Assistant Secretaries. The Secretary shall record or cause to be recorded, and shall keep or cause to be kept, at the principal executive office and such other place as the Board of Directors may order, a book of minutes or actions taken at all meetings of directors and committees, with the time and place or holding, whether regular or special, and, if special, how authorized, the notice given, the names of those present at such meetings, and the proceedings of such meetings.

The Secretary shall give, or cause to be given, notice of all the meetings of the Board of Directors and of the committees of this corporation required by these Bylaws or by law to be given, shall keep the seal or the corporation (if any) in safe custody, and shall have such other powers and perform such other duties as may be prescribed. by the Board of Directors or by these Bylaws.

Section 8.6 Duties of the Treasurer and Assistant Treasurers. The Treasurer shall keep and maintain, or cause to be kept and maintained, adequate and correct accounts of the properties and business transaction of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings, and other matters customarily included in financial statements. The Treasurer shall arrange for an annual audit of the corporation's financial accounts by an independent Certified Public Accountant.

The Treasurer shall deposit or cause to be deposited all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. The Treasurer shall disburse or cause to be disbursed the funds of the corporation as may be ordered by the Board of Directors, shall render to the Executive Director

and directors, whenever they request it, and account of all of the Treasurer's transactions as Treasurer and of the financial condition of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or these Bylaws.

If required by the Board or Directors, the Treasurer shall give the corporation a bond in the amount and with the surety or sureties specified by the board for faithful performance of the duties of the Treasurer's office and for restoration to the corporation of all its books, papers, vouchers, money and other property of every kind in the Treasurer's possession or under the Treasurer's control on the Treasurer's death, resignation, retirement, or removal from office. The corporation shall pay the cost of such bond.

#### ARTICLE 9.

#### INDEMNIFICATION OF DIRECTORS, OFFICERS, EMPLOYEES, AND OTHER AGENTS OF THE CORPORATION; PURCHASE OF LIABILITY INSURANCE

(a) For the purpose of this article, "agent" means any person who is or was a director, officer, employee, or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee, or agent of another foreign or domestic corporation, partnership, joint venture, trust or other enterprise, or was a director, officer, employee, or agent of a foreign or domestic corporation that was a predecessor corporation of the corporation or of another enterprise at the request of such predecessor corporation; "proceeding" means any threatened, pending, or completed action or proceeding whether civil, criminal, administrative, or investigative; and "expenses" include without limitation attorneys' fees any expenses of establishing a right to indemnification under paragraph (d) or paragraph (e)(2) of this article.

(b) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any proceeding (other than an action by or in the right of the corporation to procure a judgment in its favor, an action brought under Section 5233 of the California Corporations Code, or an action brought by the Attorney General for any breach of duty relating to assets held in charitable trust) by reason of the fact that such person is or was an agent of the corporation, against expenses, judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with such proceeding if such person acted in good faith and in a manner such person reasonably believed to be in the best interests of the corporation and, in the case of a criminal proceeding, had no reasonable cause to believe the conduct of such person was unlawful. The termination of any proceeding by judgment; order, settlement or conviction or upon a plea of nolo contendere or its equivalent shall not, of itself, create a presumption that the person did not act in good faith and in a manner which the person reasonably believed to be in the best interests of the corporation or that the person had reasonable cause to believe that the person's conduct was unlawful.

(c) The corporation shall indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending, or completed action by or in the right of the corporation to procure a judgment in its favor, or brought under Section 5233, or brought by the Attorney General for breach of duty relating to assets held in charitable trust, by reason of the fact that such person is or was an agent of the corporation, against expenses actually and



reasonably incurred by such person in connection with the defense or settlement of such action if such person acted in good faith, in a manner such person believed to be in the best interests of the corporation, and with such care, including reasonable inquiry, as an ordinarily prudent person in alike position would use under similar circumstances. No indemnification shall be made under this paragraph (c):

(i) In respect of any claim, issue, or matter as to which such person shall have been adjudged to be liable to the corporation in the performance of such person's duty to the corporation, unless and only to the extent that the court in which such proceeding is or was pending shall determine upon application that, in view of all the circumstances of the case, such person is fairly and reasonably entitled to indemnity for the expenses which such court shall determine;

(ii) Of amounts paid in settling or otherwise disposing of a threatened or pending action, with or without court approval; or

(iii) Of expenses incurred in defending a threatened or pending action that is settled or otherwise disposed of without court approval unless it is settled with the approval of the Attorney General.

(d) To the extent that an agent of the corporation has been successful on the merits in defense of any proceeding referred to in paragraph (b) or (c) or in defense of any claim, issue, or matter in the proceeding, the agent shall be indemnified against expense actually and reasonably incurred by the agent in connection with the proceeding.

(e) Except as provided in paragraph (d), any indemnification under this article shall be made by the corporation only if authorized in the specific case, upon a determination that indemnification of the agent is proper in the circumstances because the agent has met the applicable standard of conduct set forth in paragraph (b) or (c), by:

(i) A majority vote of a quorum consisting of directors who are not parties to such proceeding; or

(ii) The court in which such proceeding is or was pending upon application made by the corporation, the agent, or the attorney or other person rendering service in connection with the defense, whether or not such application by the agent, attorney, or other person is opposed by the corporation.

(f) Expenses incurred in defending any proceeding may be advanced by the corporation prior to the final disposition of such proceeding upon receipt of an undertaking by or on behalf of the agent to repay such amount unless it shall be determined ultimately that he agent is entitled to be indemnified as authorized in this article.

(g) Nothing contained in this article shall affect any right to indemnification to which persons other than directors and officers of the corporation or any subsidiary of the corporation may be entitled by contract or otherwise.

(h) No indemnification or advance shall be made under this article, except as provided in paragraph (d) or paragraph (e) (2), in any circumstance where it appears:

(i) That it would be inconsistent with a provision of the Articles of Incorporation, a resolution of the Board of Directors or an agreement in effect at the time of the accrual of the alleged cause of action asserted in the proceeding in which the expenses were incurred or other amounts were paid, which prohibits or otherwise limits indemnification; or

(ii) That it would be inconsistent with any condition expressly imposed by a court in approving a settlement.

(i) The corporation shall have power to purchase and maintain insurance on behalf of any agent of the corporation against any liability asserted against or incurred by the agent in such capacity or arising out of the agent's status as such whether or not the corporation would have the power to indemnify the agent against such liability under the provisions of this article; provided, however, that the corporation shall have no power to purchase and maintain such insurance to indemnify any agent of the corporation for a violation of Section 5233.

(j) This article does not apply to any proceeding against any trustee, investment manager, or other fiduciary of an employee benefit plan in such person's capacity as much, even though such person may also be an agent of the corporation as defined in paragraph (a). The corporation shall have the power to indemnify such trustee, investment manager, or other fiduciary to the extent permitted by subdivision (f) of Section 207 of the California Corporations Code.

ARTICLE 10.  
EXECUTION OF CORPORATE INSTRUMENTS, AND VOTING OF STOCKS AND  
MEMBERSHIPS HELD BY THE CORPORATION

Section 10.1 Execution of Corporate Instruments. The Board of Directors may, in its discretion, determine the method and designate the signatory officer or officers or other person or persons, to execute any corporate instrument or document, or to sign the corporate name without limitation, except when otherwise provided by law, and such execution or signature shall be binding upon the corporation.

Unless otherwise specifically determined by the Board of Directors or otherwise required by law, formal contracts of the corporation, promissory notes, deeds of trust, mortgages, and other evidences of indebtedness of the corporation, and other corporate instruments or documents, and certificates of shares of stock owned by the corporation, shall be executed, signed, or endorsed by the Chairperson of the Board, Vice-Chairperson of the Board or the Executive Director and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer.

All checks and drafts drawn on banks or other depositories on funds to the credit of the corporation, or in special accounts of the corporation, shall be signed by such person or persons as the Board of Directors shall authorize to do so.

Section 10.2 Voting Stocks Owned by Corporation. All stock or other corporations or memberships in other corporations owned or held by the corporation for itself, or for other parties in any capacity, shall be voted, and all proxies with respect to such stock or memberships shall be executed, by the person authorized to do so by resolution of the Board of Directors, or in the absence of such authorization, by the Chairperson of the Board, the Vice-Chairperson of the Board, the Executive Director, or by any other person authorized to do so by the Chairperson of the Board or the Executive Director.

ARTICLE 11.  
ANNUAL REPORT TO DIRECTORS

The corporation shall provide to the directors no later than 120 days after the close of its fiscal year, a report containing the following information in appropriate detail:

- (a) The assets and liabilities, including the trust funds, of the corporation as of the end of the fiscal year.
- (b) The principal changes in assets and liabilities, including trust funds, during the fiscal year.
- (c) The revenue or receipts of the corporation, both unrestricted and restricted to particular purposes, for the fiscal year.
- (d) The expenses or disbursements of the corporation, for both general and restricted purposes, during the fiscal year.
- (e) Any information required by Section 6322 of the California Corporations Code concerning certain self-dealing transactions involving more than \$50,000 or indemnification's involving more than \$10,000 which took place during the fiscal year.

The report shall be accompanied by any pertinent report of independent accountants, or, if there is no such report, the certificate of an authorized officer of the corporation that such statements were prepared without audit from the books and records of the corporation.

ARTICLE 12.  
MAINTENANCE AND INSPECTION OF CORPORATE RECORDS

Section 12.1 Maintenance and Inspection of Articles and Bylaws. The corporation shall keep at its principal office, or if its principal executive officer is not in the State of California, at its principal business office in California, the original or a copy of its Articles of Incorporation and Bylaws as amended to date, which shall be open to inspection by the directors at all reasonable times during office hours. If the principal executive office of the corporation is outside the State of California, the Secretary shall, on the written request of any director, furnish to that director a copy of the Articles of Incorporation and Bylaws as amended to date.

**Section 12.2 Maintenance and Inspection of Other Corporate Records.** The accounting books, records, and minutes of proceedings of the Board of Directors and any committees of the corporation shall be kept at such place or places designated by the Board of Directors, or, in the absence of such designation, at the principal executive office of the corporation. The minutes shall be kept in written or typed form, and the accounting books and records shall be kept either in written or typed form or in any other form capable of being converted into written, typed, or printed form. Upon leaving office, each officer, employee, or agent of the corporation shall turn over to his or her successor or the Executive Director, in good order, such corporate monies, books, records, minutes, lists, documents, contracts or other property of the corporation as have been in custody of such officer, employee, or agent during his or her term of office.

Every director shall have the absolute right at any reasonable time to inspect all books, records, and documents of every kind and the physical properties of the corporation and each of its subsidiary corporations. The inspection may be made in person or by an agent or attorney, and shall include the right to copy and make extracts of documents.

**ARTICLE 13.  
CONTRACTS AND LOANS WITH DIRECTORS AND OFFICERS**

**Section 13.1 Contracts or Transactions with Directors and Officers.** The corporation shall not be a party to any contract or transaction:

(a) In which one or more of its directors or officers has a material financial interest;

(b) With any corporation, firm, association, or other entity in which one or more of its directors or officers has a material financial interest; or

(c) With any corporation, firm, association, or other entity (other than a California Nonprofit Public Benefit Corporation) in which one or more of its directors is a director, unless:

(i) The material facts concerning the contract or transaction and such director's or officer's financial interest or common directorship are fully disclosed in good faith and are noted in the minutes, or are known to all members of the board prior to consideration by the board of such contract or transaction;

(ii) Such contract or transaction is authorized or approved in good faith by a majority of the board by a vote sufficient for that purpose without counting the vote of such interested directors or officers;

(iii) Prior to authorizing or approving the contract or transaction, the board considers and in good faith determines after reasonable investigation under the circumstances that the corporation could not obtain a more advantageous arrangement with reasonable effort under the circumstances or that the contract or transaction implements a charitable program of this corporation;

(iv) This corporation enters into the contract or transaction for its own benefit; and

(v) The contract or transaction is fair and reasonable to this corporation or implements a charitable program of the corporation at the time the contract or transaction is entered into.

A director or officer of this corporation shall not be deemed to have a "material financial interest" in a contract or transaction that implements a charitable program of this corporation solely because such a contract or transaction results in a benefit to a director or officer or their families by virtue of their membership in the class of persons intended to be benefited by the charitable program of this corporation, as long as the contract or transaction is approved or authorized by the corporation in good faith and without unjustified favoritism.

Section 13.2 Loans to Directors and Officers. The corporation shall not make any loan of money or property to or guarantee the obligation of any director or officer, unless approved by the Attorney General of the State of California; provided, however, that the corporation may advance money to a director or officer of the corporation for expenses reasonably anticipated to be incurred in the performance of the duties of such director or officer, provided that in the absence of such advance, such director or officer would be entitled to be reimbursed for such expenses by the corporation. Directors of the corporation who approve the making of any such loan or guaranty shall be jointly and severally liable to the corporation for any loss suffered by the corporation as a result of the loan or guaranty.

Section 13.3 Mutual Directors. No contract or other transaction between the corporation and any California Nonprofit Public Benefit Corporation of which one or more of its directors are directors of this corporation is either void or voidable because such director(s) are present at a meeting of the board which authorizes, approves, or ratifies the contract or transaction if the material facts as to the transaction and as such director's other directorship are fully disclosed or known to the board and the board authorizes, approves, or ratifies the contract or transaction in good faith by a vote sufficient without counting the vote of the common director(s), or if the contract or transaction is just and reasonable as to the corporation at the time it is authorized, approved or ratified.

#### ARTICLE 14. FISCAL YEAR

The fiscal year of the corporation shall run from January through December of each year.

#### ARTICLE 15. CONSTRUCTION AND DEFINITIONS

Unless the context otherwise requires, the general provisions, rules of construction, and definitions contained in the California Nonprofit Corporation Law as amended from time to time shall govern the construction of these Bylaws. Without limiting the generality of the foregoing, the masculine gender includes the feminine and neuter, the singular number includes the plural

and the plural number includes the singular, and the term "person" includes a corporation as well as a natural person. If any competent court of law shall deem any portion of these Bylaws invalid or inoperative, then so far as is reasonable and possible:

- and
- (a) The remainder of these Bylaws shall be considered valid and operative;
  - (b) Effect shall be given to the intent manifested by the portion deemed invalid or inoperative.

ARTICLE 16.  
AMENDMENTS

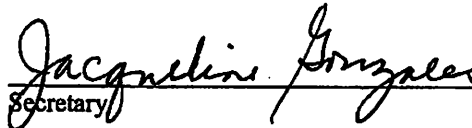
These Bylaws may be adopted, amended or repealed by the vote of a majority of the directors present at a meeting duly held at which a quorum is present. Such action is authorized only at a duly called and held meeting of the Board of Directors for which written notice of such meeting, setting forth the proposed Bylaw revisions and explanations therefore, is given in accordance with these Bylaws, unless such notice is waived in accordance with these Bylaws.

CERTIFICATE

I, the undersigned, certify that I am the currently elected and acting Secretary of the Community Housing Development Corporation of North Richmond, a California Nonprofit Public Benefit Corporation, and the above Bylaws, consisting of 17 pages, are the Bylaws of this corporation as adopted by the Board of Directors on August 7, 2008.

Dated: August 7, 2008

Executed at Richmond, California.

  
Secretary

# CHDO Information

Home Program "CHDO" Status  
CHDO Certification

**Certification of Qualification  
as a Community Housing Development Organization**

I, Donald Gilmore (name), am currently serving as Executive Director (title\*) of community Housing Development Corporation (name of organization). I certify that Community Housing Development Corporation (organization):

1. Is organized under state law;
2. Has no part of its net earnings inuring to the benefit of any member, founder, contributor, or individual;
3. Is neither controlled by, nor under the direction of, individuals or entities seeking to derive profit or gain from the organization;
4. Has a tax exemption ruling from the IRS tax exempt under section 501(c)(3) or (4) of the Internal Revenue Code of 1986;
5. Does not include a public body;
6. Has standards of financial accountability that conform to 24 CFR 84.21, "Standards for Financial Management Systems;"
7. Has among its purposes the provision of decent housing that is affordable to low-income and moderate-income persons;
8. Maintains accountability to low-income community residents by:
  - a. Maintaining at least 1/3 of its governing board's membership for residents of low income neighborhoods, other low-income community residents, or elected representatives of low income neighborhood organizations; and
  - b. Providing a formal process for low-income program beneficiaries to advise the organization in its decisions regarding the design, siting, development, and management of affordable housing;
9. Has a demonstrated capacity for carrying out activities assisted with HOME funds; and
10. Has a history of serving the community within which housing to be assisted with HOME funds is to be located.

Therefore, I hereby certify that Community Housing Development Corporation (organization) satisfies all requirements (as defined in 24 CFR Part 92.2) for designation as a Community Housing Development Organization for purposes of participation in the City of Richmond HOME Program.

Signature: 

Name, typed: Donald Gilmore

Title\*: Executive Director

Organization: Community Housing Development Corporation

Date: January 31, 2011

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\* Must be signed by Chairperson of the Board or Executive Director of organization.



# FINANCIAL INFORMATION

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CHDC Audit FY 2011 to FY 2013

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Summary of Strategic Plan

Succession Plan

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Written Personnel Policies and Procedures

Timeline/Project Schedule

Budget and Finance

Development Budgets

Commitment of Secured Financing (UrbanLIFT)





**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND  
AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS**

**DECEMBER 31, 2011**



**GRANT & SMITH, LLP**  
*Certified Public Accountants*

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND & AFFILIATES**

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond and Affiliates  
Richmond, California

We have audited the accompanying statement of financial position of Community Housing Development Corporation of North Richmond and Affiliates (a nonprofit organization) as of December 31, 2011, and the related statements of activities, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Housing Development Corporation of North Richmond and Affiliates as of December 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report, dated June 29, 2012, on our consideration of Community Housing Development Corporation of North Richmond 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

**INDEPENDENT AUDITORS' REPORT (CONTINUED)**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Grant & Smith, LLP*

Oakland, California  
June 29, 2012

(2)

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF FINANCIAL POSITION  
AS OF DECEMBER 31,  
(With Summarized Totals for 2010)**

<b>ASSETS</b>	<b>2011</b>	<b>2010</b>
<b>Current Assets</b>		
Cash & Cash Equivalent (Note 2)	\$ 1,530,068	\$ 911,877
Accounts & Notes Receivable (Note 3)	1,944,386	1,576,164
Deposit	5,112	4,250
Prepaid Expenses	21,062	17,074
Total Current Assets	3,500,628	2,509,365
<b>Fixed Assets</b>		
Property & Equipment (Note 4)	328,355	337,623
Land Held For Development	3,134,184	3,061,264
Construction in Progress/ Predevelopment Costs (Note 5)	4,491,769	4,347,319
Financing Costs, Less Accumulated Amortization of \$2,453	2,966	3,147
Total Fixed Assets	7,957,274	7,749,353
<b>Total Assets</b>	<b>\$ 11,457,902</b>	<b>\$ 10,258,718</b>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current Liabilities</b>		
Accounts Payable	\$ 366,350	\$ 294,609
Salaries Payable	28,858	32,841
Accrued Payables	13,358	16,611
Accrued Vacation	46,146	58,924
Accrued Interest	475,577	399,838
Security Deposits - Tenants	4,500	3,050
Recoverable Grants (Note 6)	485,015	485,015
Current Portion of Notes Payable (Note 7)	3,694,084	3,358,337
Total Current Liabilities	5,113,888	4,649,225
<b>Long Term Liabilities</b>		
Notes Payable (Note 7)	5,313,118	5,853,604
Less Current Portion of Notes Payable	(3,694,084)	(3,358,337)
Total Long Term Liabilities	1,619,034	2,495,267
<b>Net Assets</b>		
<b>Unrestricted</b>		
Undesignated	1,876,575	1,345,805
Temporarily Restricted (Note 8)	325,000	
Permanently Restricted (Note 9)	2,523,405	1,768,421
Total Net Assets	4,724,980	3,114,226
<b>Total Net Assets &amp; Liabilities</b>	<b>\$ 11,457,902</b>	<b>\$ 10,258,718</b>

*See accompanying notes.*

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
FOR THE YEARS ENDED DECEMBER 31,  
(With Summarized Totals for 2010)**

	2011			2010	
	Unrestricted Funds	Temporarily Restricted	Permanently Restricted Funds	Total All Funds	Total All Funds
<b>Revenue &amp; Support</b>					
<b>Support</b>					
Grants & Donations	\$ 676,438			\$ 676,438	\$ 445,810
Total Support	676,438			676,438	445,810
<b>Revenue</b>					
Government Contracts	920,698	\$ 325,000	\$ 754,984	2,000,682	1,811,236
Management Fees	425,882			425,882	478,120
Developer Fees	183,980			183,980	120,000
Forgiven Debt	671,531			671,531	60,003
Rental Revenue	20,442			20,442	14,400
Special Events	7,180			7,180	46,184
Interest Income	1,644			1,644	875
Other Income	58,313			58,313	170,711
Gain/(Loss) on Sale of Constructed Units					(843,031)
Total Revenue	2,289,670	325,000	754,984	3,369,654	1,858,498
<b>Total Revenue &amp; Support</b>	2,966,108	325,000	754,984	4,046,092	2,304,308
<b>Expenses</b>					
Youthbuild Program					15,153
Affordable Housing Program	1,764,208			1,764,208	1,417,633
Management & General	590,262			590,262	728,364
Total Expenses	2,354,470			2,354,470	2,161,150
Change in Net Assets	611,638	325,000	754,984	1,691,622	143,158
Net Assets, Beginning of Year	1,345,805		1,768,421	3,114,226	3,345,044
Prior Period Adjustment (Note 12)	(80,868)			(80,868)	(373,976)
Net Assets, End of Year	<u>\$ 1,876,575</u>	<u>\$ 325,000</u>	<u>\$ 2,523,405</u>	<u>\$ 4,724,980</u>	<u>\$ 3,114,226</u>

See accompanying notes.  
(4)



**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF FUNCTIONAL EXPENSES  
FOR THE FISCAL YEARS ENDED DECEMBER 31,  
(With Summarized Totals for 2010)**

	<b>2011</b>			<b>2010 Total</b>
	<b>Affordable Housing Program</b>	<b>Management &amp; General</b>	<b>Total</b>	
<b>Expenses</b>				
Salaries & Wages	\$ 832,861	\$ 323,890	\$ 1,156,751	\$ 1,210,145
Payroll Taxes	66,402	25,823	92,225	96,132
Employee Benefits	146,445	56,951	203,396	223,574
Professional Services	87,501	34,028	121,529	120,918
Rent	19,131	7,440	26,571	29,427
Utilities	7,916	3,078	10,994	10,612
Dues & Subscriptions	7,417	2,884	10,301	8,595
Conference & Training	16,075	6,251	22,326	28,488
Travel & Meals	22,390	8,707	31,097	20,154
Office Expenses	14,518	5,646	20,164	33,890
Postage	2,714	1,055	3,769	8,981
Telephone	26,530	10,317	36,847	28,041
Insurance	18,287	7,112	25,399	27,581
Equipment, Maintenance & Repairs	6,002	2,334	8,336	4,115
Contract Service	84,012	32,671	116,683	162,368
Management Fee	53,530	20,817	74,347	42,142
Rental Property Expenses				11,346
Supportive Services	9,029	3,511	12,540	1,169
Board Expenses				14,995
Depreciation		11,785	11,785	15,980
Amortization		180	180	180
Interest Expenses	6,931	1,240	8,171	21,512
Housing Units Expenses				18,787
Other Expenses	336,517	24,542	361,059	22,018
<b>Total Expenses</b>	<b>\$ 1,764,208</b>	<b>\$ 590,262</b>	<b>\$ 2,354,470</b>	<b>\$ 2,161,150</b>

*See accompanying notes.*

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF CASH FLOWS  
FOR THE YEARS ENDED DECEMBER 31,  
(With Summarized Totals For 2010)**

	<b>2011</b>	<b>2010</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Changes in Net Assets	\$ 1,691,622	\$ 143,158
Adjustments to Reconcile Changes in Net Assets to Net Cash Provided/(Used) by Operating Activities:		
<i>(Increases)/Decreases in Operating Assets</i>		
Prior Period Adjustment	(80,868)	(373,976)
Depreciation & Amortization	11,965	16,160
Accounts & Notes Receivable	(368,222)	(262,312)
Deposit	(862)	(2,200)
Prepaid	(3,988)	(2,929)
Land Held For Development	(72,920)	285,139
Construction in Progress/Predevelopment Costs	(144,450)	1,906,688
<i>Increases/(Decreases) in Liabilities</i>		
Accounts Payable/Accounts Payables to Affiliates	71,741	(260,110)
Salaries Payable	(3,983)	(15,360)
Accrued Payables	(3,253)	16,611
Accrued Vacation	(12,778)	(13,808)
Accrued Interest	75,739	(93,845)
Security Deposits	1,450	
Total Adjustment	(530,429)	1,200,058
<b>Net Cash Provided by Operating Activities</b>	<b>1,161,193</b>	<b>1,343,216</b>
<b>CASH FLOWS FROM INVESTMENT ACTIVITIES</b>		
Purchase of Fixed Assets (Net)	(2,516)	(10,408)
<b>Net Cash Used by Investing Activities</b>	<b>(2,516)</b>	<b>(10,408)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds/(Repayment) from Short & Long Term Notes	(540,486)	(1,045,954)
<b>Net Cash Used by Financing Activities</b>	<b>(540,486)</b>	<b>(1,045,954)</b>
<b>Net Increase in Cash &amp; Cash Equivalents</b>	<b>618,191</b>	<b>286,854</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>911,877</b>	<b>625,023</b>
<b>Cash and Cash Equivalents, End of Year</b>	<b>\$ 1,530,068</b>	<b>\$ 911,877</b>
<i>Supplemental Disclosure of Cash Flow Information</i>		
Interest Expenses Paid	\$ 8,171	\$ 21,512
Income Tax Paid	0	0

*See accompanying notes.*

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Community Housing Development Corporation of North Richmond and Affiliates (CHDC) (the Organization), three California nonprofit corporations, were formed to promote the general welfare and economic development of low income groups in Contra Costa and Alameda Counties. CHDC accomplishes its objectives by constructing, rehabilitating, and providing decent, safe and sanitary housing for persons and families of low income who are in need of a suitable place to live.

In 2008, under its affiliate, North Richmond Economic Development Corporation, the Organization established a new business line, property management. The infrastructure was organized (staffing, policies, procedures, etc) and the program implemented. On August 18, 2008, the Organization began managing the day-to-day operations of the Barrett Terrace and Barrett Plaza properties. The Organization earns management fee at the rate of 7% of residential income collected. In March 2011, the Organization began managing Community Heritage Senior Apartments.

**Basis of Accounting**

The Organization's books are maintained, and the financial statements have been prepared, on the accrual basis of accounting, except developer fees which are recorded on the cash basis, when received.

**Basis of Consolidation**

The consolidated financial statements include the accounts of Community Housing Development Corporation of North Richmond, North Richmond Economic Development Corporation and Wood Development Corporation. All significant intercompany accounts and transactions have been eliminated. Accounting principles generally accepted in the United States of America require consolidation because these entities are governed by a common board of Directors.

**Contributions**

Generally accepted accounting principles require the Organization to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets released are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restrictions.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Contributions (Continued)**

When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

**Financial Statement Presentation**

The Organization has various funds, one of which is unrestricted, and the rest are temporarily restricted. The temporarily restricted funds are used to support specific programs within the Organization. The unrestricted funds are used to support the general and administrative functions of the Organization as well as additional support of the other programs.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into the following classes of assets:

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that do not expire.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the organization and/or the passage of time.

*Unrestricted Net Assets* - Net assets not subject to donor-imposed stipulations.

**Use of Estimates**

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

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturity within one year or less to be cash equivalents.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Expense Allocation (Continued)**

Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Property and Equipment**

Property and equipment are recorded at cost less accumulated depreciation. The Organization capitalizes all significant additions and improvements in excess of \$1,000. Property and equipment are being depreciated using the straight-line half-year convention over the estimated useful life of the asset, 15-30 years for leasehold improvements and 3-5 years for furniture, office equipment and vehicles.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs, which neither materially add to the value of the property, nor appreciably prolong its life are recorded as expenses as incurred.

For the fiscal year ending December 31, 2011 the organization incurred \$11,785 in depreciation expense.

**Financing Costs**

Financing costs associated with acquiring a long term notes payable are being amortized on a straight line basis over the life of the note, 30 years. Amortization expense for 2011 was \$180, which is also the annual expense for the next five years.

**Construction in Progress/ Predevelopment Costs**

The Organization capitalizes all significant costs associated with designing, developing, and constructing its various low income housing projects. Proceeds from the sale of constructed units are either recognized as revenue or are returned to grantors, if grant funds were used during the development of the project. Capitalized costs relative to projects which are later deemed to be infeasible are expensed in the year the project is abandoned.

**Income Taxes**

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code Section 23701 (d) of the California Revenue and Taxation Code.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

The carrying amounts of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term maturities of these assets.

**Comparative Information**

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended December 31, 2010, from which the summarized information was extracted.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2011, cash and cash equivalents consisted of:

Cash - Unrestricted	\$ 179,118
Cash - Restricted	<u>1,350,950</u>
Total	<u>\$ 1,530,068</u>

Of the \$1,530,068 deposited in financial institutions, \$974,365 was not covered by the federal deposit insurance.

**NOTE 3 - ACCOUNTS & NOTES RECEIVABLE**

At December 31, 2011, accounts receivable consisted of:

CalHome	\$ 1,522,529
Federal Contracts	106,632
Parkway Housing Inc.	220,249
Other	<u>94,976</u>
Total	<u>\$ 1,944,386</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 4 - PROPERTY AND EQUIPMENT**

At December 31, 2011, property and equipment were as follows:

Land	\$ 146,441
Buildings	148,083
Equipment & Furniture	175,301
Leasehold Improvements	<u>103,344</u>
Total Fixed Assets	573,169
Less Accumulated Depreciation	<u>(244,814)</u>
Net Fixed Assets	<u>\$ 328,355</u>

**NOTE 5 - CONSTRUCTION IN PROGRESS/PREDEVELOPMENT COSTS**

At December 31, 2011, The Organization had accumulated capitalized costs of \$4,491,769 representing costs relative to acquiring, designing and constructing low income housing units. Proceeds from the sale of constructed units are either recognized as revenue or returned to grantors, if recoverable grant funds were used to fund acquisition and/or construction or for the repayment of loans if loans proceeds were used.

**NOTE 6 - RECOVERABLE GRANTS**

The Organization receives various loans, or grants which require that proceeds be repaid from "residual receipts" upon ultimate sale of the low or moderate income housing units to which loans or grant relate. Usually these funds are without interest or carry low interest rates and are stated without maturity dates. In some instances, the Organization defers receipt of project management or operational administrative expenses until the related property is sold. In these instances, the Organization is reimbursed for development from sales proceeds before the determination of "residual receipts" to be repaid to the lender.

City of Richmond	
Federal Pass-Through Grants	\$ 335,015
Others	<u>150,000</u>
Total	<u>\$ 485,015</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 7 - NOTES PAYABLE**

At December 31, 2011, the Organization was obligated on the following notes:

Creditor	Notes Detail	Outstanding Balance
Wells Fargo Bank	Mortgage payable for 1525-24 <sup>th</sup> Street Richmond CA, monthly payment of \$822, annual interest rate of 7.5%, maturing in June 2028 and secured by a deed of trust.	\$ 90,801
City of Richmond Redevelopment Agency	Note payable for 1448-52 Filbert Street, Richmond, CA. 0% annual interest rate, payable upon sale of the securing property or the occurrence of an event of default, secured by deed of trust.	\$ 145,000
City of Richmond Redevelopment Agency	Five (5) notes for various projects, interest accrues at 3% simple interest per annum, principal and deferred interest payable at maturity, October 2056, secured by deed of trust.	\$ 201,006
City of Richmond	Note payable funded by HOME funds for the sum of \$377,000, for Nevin Court, interest payable at 3%, maturing in November 2063.	\$ 347,442
S.H. Cowell Foundation	Notes payable for a principal sum of \$1,000,000 for 1243-1255 Filbert Street, 1234 Filbert Street and 1267 Willard Avenue, interest rate accrues at 2.5% per annum. The note is secured by a deed of trust, maturing September 16, 2012.	\$ 1,000,000
YouthBuild USA	Note payable for the purchase of 1722 Third Street Project, interest payable at 6% per annum. The maturity date was extended to September 12, 2011.	\$ 48,102
Contra Costa County	Note payable for the construction of property on 420 Verde Avenue. The note bears interest rate at 0% and was due June 12, 2009. There are currently negotiations for the sale of the property.	\$ 364,860



**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 7 - NOTES PAYABLE (CONTINUED)**

Creditor	Notes Detail	Outstanding Balance
City of Richmond	Note payable to finance predevelopment of 1267 Filbert Street. The note bears interest rate of 3% and is due September 30, 2065.	\$ 844,652
Contra Costa County	Note payable to finance the acquisition and rehabilitation of 361 Market Street, North Richmond, with no interest and was due November 30, 2011.	\$ 176,182
Bank of America	Note payable with annual interest rate of 0.75% over the lender's "prime rate", matures in April 1, 2009 and is secured by a deed of trust. Due to the nationwide mortgage foreclosure problems and the economic recession, the market value of residential homes in the City of Richmond and particularly the homes being constructed on the property, has substantially decreased, creating a substantial impediment for the borrower to meet its obligation under the loan documents and the loan document of the construction lender, Bank of America N.A. (The Bank). The Bank has filed a statutory notice of default, due to the borrower's failure to complete the construction of the homes and to repay the bank loan within the time frame provided in the Bank loan documents. The Bank has indicated willingness to modify terms of the Bank loan and is negotiating a work out agreement with Wood Development Construction.	\$ 2,083,982
Contra Costa County Redevelopment Agency	Notes payable interest accrues at 3% simple interest Per annum; principal and deferred interest payable at maturity, December 2012, secured by a deed of trust.	\$ 11,091
Total Notes Payable		\$ 5,313,118

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 7 - NOTES PAYABLE (CONTINUED)**

The future annual maturities of long term debts are as follows:

2012	\$ 3,694,084
2013	9,866
2014	9,866
2015	9,866
2016	9,866
Thereafter	<u>1,579,570</u>
<b>Total</b>	<b><u><u>\$ 5,313,118</u></u></b>

**NOTE 8 - TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2011, temporarily restricted net assets consisted of \$325,000 for rehabilitation of residential rental property.

**NOTE 9 - PERMANENTLY RESTRICTED NET ASSETS**

At December 31, 2011, permanently restricted net assets consisted of CalHOME Program Funds and NeighborWorks America Grants in the amount of \$1,577,171 and \$946,234 respectively.

**NOTE 10 - LEASE COMMITMENTS**

The Organization is leasing an office space in Richmond, California and a copy machine. The lease expires respectively on May 14, 2015 and March 28, 2013. The following is a schedule of the future minimum lease payments under these operating leases:

	<u>Office Space</u>	<u>Copy Machine</u>
2012	\$ 15,972	\$ 4,680
2013	15,972	1,170
2014	15,972	
2015	<u>6,655</u>	
	<b><u><u>\$ 54,571</u></u></b>	<b><u><u>\$ 5,850</u></u></b>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2011**

**NOTE 11 - RETIREMENT PLAN**

The Organization sponsors a qualified 403(b) retirement plan for eligible employees who meet the plan's eligibility requirements. Eligible employees are those employees who have completed one year of employment and have reached age 21, or were employed on the effective date of the plan, January 1, 2004. Employees may contribute up to the maximum allowed by income tax regulations; the Organization matches one hundred percent of employee contributions up to a maximum of 2%. Organization contributions vest incrementally over four years, after the first year of service.

**NOTE 12 - PRIOR PERIOD ADJUSTMENT**

Prior year transactions on Community Housing Development Corporation books for land belonged to Lillie Mae Jones Plaza Project and were transferred to Lillie Mae Jones, and the unused portion of a prior years grant was returned to its grantor. Also old receivables on NREDC books were written off. As a result, a prior period adjustment of \$80,868 has been recorded to decrease net assets.

**NOTE 13 – SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 29, 2012, which is the date the financial statements were available to be issued.

Additionally, the note payable to S.H. Cowell Foundation with the outstanding balance of \$1,000,000 has been approved for a two year extension with a new maturity date of September 30, 2014.

**SUPPLEMENTARY INFORMATION**

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND AND AFFILIATES**  
**CONSOLIDATING SCHEDULE - STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31,**  
**(With Summarized Totals for 2010)**

	2011				2010 TOTAL
	CHDC	NREDC	WOOD	CONSOLIDATED & ELIMINATING	
<b>ASSETS</b>					
<b>Current Assets</b>					
Cash & Cash Equivalent	\$ 1,504,530	\$ 25,527	\$ 11		\$ 1,530,068
Accounts & Notes Receivable	1,849,637	94,749			1,944,386
Accounts Receivable to Affiliates	867,260	7,184	223,969	\$ (1,098,413)	
Deposit	3,062	2,050			5,112
Prepaid Expenses	11,752	9,310			21,062
<b>Total Current Assets</b>	<u>4,236,241</u>	<u>138,820</u>	<u>223,980</u>	<u>(1,098,413)</u>	<u>3,500,628</u>
<b>Fixed Assets</b>					
Property & Equipment	328,355	-			328,355
Land Held For Development	3,134,184				3,134,184
Construction in Progress/ Predevelopment Costs	4,491,769				4,491,769
Financing Costs, Less Accumulated Amortization	2,966				2,966
<b>Total Fixed Assets</b>	<u>7,957,274</u>				<u>7,957,274</u>
<b>Total Assets</b>	<u>\$ 12,193,515</u>	<u>\$ 138,820</u>	<u>\$ 223,980</u>	<u>\$ (1,098,413)</u>	<u>\$ 11,457,902</u>
<b>LIABILITIES AND NET ASSETS</b>					
<b>Current Liabilities</b>					
Accounts Payable	\$ 364,302	\$ 2,044	\$ 4		\$ 366,350
Accounts Payable to Affiliates	231,153	57,816	809,444	\$ (1,098,413)	
Salaries Payable	24,885	3,973			28,858
Accrued Payables	13,358				13,358
Accrued Vacation	41,735	4,411			46,146
Accrued Interest	285,950		189,627		475,577
Security Deposits - Tenants	4,500				4,500
Recoverable Grants	485,015				485,015
Current Portion Notes Payable	1,610,101		2,083,983		3,694,084
<b>Total Current Liabilities</b>	<u>3,060,999</u>	<u>68,244</u>	<u>3,083,058</u>	<u>(1,098,413)</u>	<u>5,113,888</u>
<b>Long Term Liabilities</b>					
Notes Payable	3,229,135		2,083,983		5,313,118
Less Current Portion Notes Payable	(1,610,101)		(2,083,983)		(3,694,084)
<b>Total Long Term Liabilities</b>	<u>1,619,034</u>				<u>1,619,034</u>
<b>Net Assets</b>					
Net Assets	7,513,482	70,576	(2,859,078)		4,724,980
<b>Total Net Assets</b>	<u>7,513,482</u>	<u>70,576</u>	<u>(2,859,078)</u>		<u>4,724,980</u>
<b>Total Net Assets &amp; Liabilities</b>	<u>\$ 12,193,515</u>	<u>\$ 138,820</u>	<u>\$ 223,980</u>	<u>\$ (1,098,413)</u>	<u>\$ 11,457,902</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND AND AFFILIATES**  
**CONSOLIDATED STATEMENT OF ACTIVITIES**  
**FOR THE YEARS ENDED DECEMBER 31,**  
**(With Summarized Totals For 2010)**

	2011				2010 TOTAL
	CHDC	NREDC	WOOD	CONSOLIDATED & ELIMINATING	
<b>Revenue &amp; Support</b>					
<b>Support</b>					
Grants & Donations	\$ 676,438				\$ 676,438
Total Support	<u>676,438</u>				<u>676,438</u>
<b>Revenue</b>					
Government Contracts	2,000,682				2,000,682
Management Fees	215,723	\$ 210,159			425,882
Developer Fees	183,980				183,980
Forgiven Debt			\$ 671,531		671,531
Rental Revenue	20,442				20,442
Commission Income					-
Special Events	7,180				7,180
Interest Income	1,644				1,644
Other Income	45,090	13,223			58,313
Gain/(Loss) on Sale of Constructed Units					-
Total Revenue	<u>2,474,741</u>	<u>223,382</u>	<u>671,531</u>		<u>3,369,654</u>
<b>Total Revenue &amp; Support</b>	<b>3,151,179</b>	<b>223,382</b>	<b>671,531</b>		<b>4,046,092</b>
<b>Expenses</b>					
Affordable Housing Program	1,628,886	135,322			1,764,208
Management & General	540,841	45,439	3,982		590,262
Total Expenses	<u>2,169,727</u>	<u>180,761</u>	<u>3,982</u>		<u>2,354,470</u>
<b>Change in Net Assets</b>	<b>981,452</b>	<b>42,621</b>	<b>667,549</b>		<b>1,691,622</b>
<b>Net Assets, Beginning of Year</b>	<b>6,647,437</b>	<b>(5,754)</b>	<b>(3,527,457)</b>		<b>3,114,226</b>
<b>Prior Period Adjustment (Note 12)</b>	<b>(115,407)</b>	<b>33,709</b>	<b>830</b>		<b>(80,868)</b>
<b>Net Assets, End of Year</b>	<b>\$ 7,513,482</b>	<b>\$ 70,576</b>	<b>\$ (2,859,078)</b>	<b>\$ -</b>	<b>\$ 4,724,980</b>
					<b>\$ 3,114,226</b>

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF FINANCIAL POSITION - NEIGHBORWORKS AMERICA  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**ASSETS**

Cash	\$	558,888
Construction in Progress/Predevelopment Costs		<u>387,346</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>946,234</u></b>

**LIABILITIES AND NET ASSETS**

Net Assets		<u>946,234</u>
<b>Total Net Assets &amp; Liabilities</b>	<b>\$</b>	<b><u>946,234</u></b>

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF ACTIVITIES - NEIGHBORWORKS AMERICA  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2011**

**Revenues, Gains and Other Support:**

Capital Grant - Neighborhood Reinvestment	\$	<u>254,984</u>
<b>Change in Net Assets</b>		254,984
<b>Net Assets - Beginning of the year</b>		<u>691,250</u>
<b>Net Assets - End of the year</b>	<b>\$</b>	<b><u>946,234</u></b>

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2011**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>LOAN BALANCES</u>
U.S. Department of Housing and Urban Development Program: Housing Counseling Assistance Program	14.169	\$ 69,047	
Pass Through: City of Richmond Program: Community Development Block Grant	14.218 *	23,138	\$ 844,652
Program: Home Investment Partnership Program	14.239	47,300	347,442
Pass Through: Contra Costa County Program: Community Development Block Grant	14.218 *	40,005	
Pass Through: City of Vallejo Program: Community Development Block Grant	14.218 *	11,015	
Pass Through: City of Walnut Creek Program: Community Development Block Grant	14.218 *	7,000	
Pass Through: City of Antioch Program: Moving Assets Toward Community Hands Program	14.218 *	23,500	
U.S. Department of Health and Human Services Program: Housing Counseling Assistance Program	93.602	69,000	
U.S. Department of Treasury Program: NeighborWorks America	21.000 *	<u>248,231</u>	
Total Federal Awards		<u>\$ 538,236</u>	<u>\$ 1,192,094</u>

\* Tested as a major program

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Housing Development of North Richmond and Affiliates, and is presented on the accrual basis. This information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used on the preparation of the basic financial statements.





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

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond and Affiliates  
Richmond, California

We have audited the financial statements of Community Housing Development Corporation of North Richmond and Affiliates (a nonprofit organization) as of and for the year ended December 31, 2011, and have issued our report thereon dated June 29, 2012. We conducted our audit 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 of America.

Internal Control over Financial Reporting

Management of Community Housing Development Corporation of North Richmond and Affiliates is responsible for establishing and maintaining effective internal control over financial reporting. In planning and performing our audit, we considered Community Housing Development Corporation of North Richmond and Affiliates' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Community Housing Development Corporation of North Richmond and Affiliates' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

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

Compliance and other matters

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

This report is intended solely for the information and use of the management, the Board of Directors, others within the entity, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Grant & Smith, LLP*  
Oakland, California  
June 29, 2012

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond and Affiliates  
Richmond, California

Compliance

We have audited Community Housing Development Corporation of North Richmond and Affiliates' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community Housing Development Corporation of North Richmond and Affiliates' major federal programs for the year ended December 31, 2011. Community Housing Development Corporation of North Richmond and Affiliates' major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Housing Development Corporation of North Richmond and Affiliates' management. Our responsibility is to express an opinion on Community Housing Development Corporation of North Richmond's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Housing Development Corporation of North Richmond and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Community Housing Development Corporation of North Richmond and Affiliates' compliance with those requirements.

In our opinion, Community Housing Development Corporation of North Richmond and Affiliates complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2011.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT  
ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133 (CONTINUED)**

Internal Control Over Compliance

Management of Community Housing Development Corporation of North Richmond and Affiliates is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Housing Development Corporation of North Richmond and Affiliates' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Housing Development Corporation of North Richmond and Affiliates' internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the management, the Board of Directors, others within the entity, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Grant & Smith, CPA*  
Oakland, California  
June 29, 2012

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2011**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditors’ report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weaknesses identified?	None
• Significant deficiencies identified that are not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	

***Federal Awards***

Internal control over major program:	
• Material weaknesses identified?	None
• Significant deficiencies identified that are not considered to be material weaknesses?	None
Type of auditors’ report issued on compliance for major program:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A- 133?	No
Identification of major program:	

<u>CFDA Number</u>	<u>Name of Federal Program</u>
21.000	NeighborWorks America
14.218	Community Development Block Grant

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low risk auditee?	No

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2011**

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

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**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND AND AFFILIATES  
STATUS OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2011**

None.

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND  
AND AFFILIATES**

**AUDITED CONSOLIDATED FINANCIAL  
STATEMENTS**

**DECEMBER 31, 2012**



**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND & AFFILIATES**

**AUDITED CONSOLIDATED  
FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

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**INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond and Affiliates  
Richmond, California

**Report on the Financial Statements**

We have audited the accompanying financial statements of Community Housing Development Corporation of North Richmond and Affiliates (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

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

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Housing Development of North Richmond and Affiliates as of December 31, 2012, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is also not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 26, 2013, on our consideration of Community Housing Development of North Richmond 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 Community Housing Development of North Richmond and Affiliates' internal control over financial reporting and compliance.

*Grant & Smith, LLP*

Oakland, California  
June 26, 2013

**COMMUNITY HOUSING DEVELOPMENT OF NORTH RICHMOND AND AFFILIATES**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012**  
(With Summarized Totals for 2011)

**ASSETS**

	2012	2011
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 1,367,202	\$ 1,530,068
Accounts & Notes Receivable	2,255,516	1,944,386
Deposits	6,652	5,112
Prepaid Expenses	21,823	21,062
Total Current Assets	3,651,193	3,500,628
<b>Fixed Assets</b>		
Property & Equipment, net	321,447	328,355
Land Held for Development	2,810,996	3,134,184
Construction in Progress/Predevelopment Costs	3,588,131	4,491,769
Financing Costs Less Amortization of \$2,785	2,785	2,966
Total Fixed Assets	6,723,359	7,957,274
<b>Total Assets</b>	\$ 10,374,552	\$ 11,457,902

**LIABILITIES & NET ASSETS**

<b>Current Liabilities</b>		
Accounts Payable	\$ 212,925	\$ 366,350
Salaries Payable	37,639	28,858
Accrued Expenses	6,196	13,358
Accrued Vacation	31,984	46,146
Accrued Interest	349,297	475,577
Security Deposits - Tenants	3,050	4,500
Recoverable Grants		485,015
Notes Payable, Current Portion	19,757	3,694,084
Total Current Liabilities	660,848	5,113,888
<b>Long Term Liabilities</b>		
Notes Payable	2,936,629	5,313,118
Less Notes Payable, Current Portion	(19,757)	(3,694,084)
Total Long Term Liabilities	2,916,872	1,619,034
<b>Total Liabilities</b>	3,577,720	6,732,922
<b>Net Assets</b>		
Unrestricted	3,936,509	1,876,575
Temporarily Restricted	151,924	325,000
Permanently Restricted	2,708,399	2,523,405
Total Net Assets	6,796,832	4,724,980
<b>Total Liabilities &amp; Net Assets</b>	\$ 10,374,552	\$ 11,457,902

**COMMUNITY HOUSING DEVELOPMENT OF NORTH RICHMOND AND AFFILIATES**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
(With Summarized Totals for 2011)

	2012			2011	
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total All Funds	Total All Funds
<b>Support &amp; Revenue</b>					
<b>Support</b>					
Grants & Donations	\$ 642,058			\$ 642,058	\$ 676,438
Total Support	642,058			642,058	676,438
<b>Revenue</b>					
Government Contracts	788,492	\$ 75,000	\$ 185,000	1,048,492	2,000,682
Management Fees	574,502			574,502	425,882
Developer Fees	-			-	183,980
Forgiven Debt	2,781,181			2,781,181	671,531
Rental Revenue	27,495			27,495	20,442
Special Events	2,700			2,700	7,180
Interest Income	2,764			2,764	1,644
Other Income	21,518			21,518	58,313
Total Revenue	4,198,652	75,000	185,000	4,458,652	3,369,654
<b>Total Support &amp; Revenue</b>	4,840,710	75,000	185,000	5,100,710	4,046,092
<b>Expenses</b>					
Affordable Housing Program	2,294,810			2,294,810	1,764,208
Management & General	724,182			724,182	590,262
Total Expenses	3,018,992	-	-	3,018,992	2,354,470
Changes in Net Assets	1,821,718	75,000	185,000	2,081,718	1,691,622
Net Assets, Beginning of the Year	1,876,575	325,000	2,523,405	4,724,980	3,114,226
Prior Period Adjustment	(9,866)			(9,866)	(80,868)
<b>Net Assets, End of the Year</b>	<b>\$ 3,688,427</b>	<b>\$ 400,000</b>	<b>\$ 2,708,405</b>	<b>\$ 6,796,832</b>	<b>\$ 4,724,980</b>

**COMMUNITY HOUSING DEVELOPMENT OF NORTH RICHMOND AND AFFILIATES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
(With Summarized Totals for 2011)

	<u>2012</u>			<u>2011</u> <u>Total</u>
	<u>Affordable Housing Program</u>	<u>Management &amp; General</u>	<u>Total</u>	
<b>Expenses</b>				
Salaries & Wages	\$ 709,066	\$ 388,126	\$ 1,097,192	\$ 1,156,751
Payroll Taxes	56,014	29,826	85,840	92,225
Employee Benefits	144,323	61,932	206,255	203,396
Professional Services	192,935	71,721	264,656	121,529
Rent	24,140	8,320	32,460	26,571
Utilities	9,992	4,047	14,039	10,994
Dues & Subscriptions	9,644	3,324	12,968	10,301
Conference & Training	17,675	7,294	24,969	22,326
Travel & Meals	17,693	10,614	28,307	31,097
Office Expenses	17,594	8,173	25,767	20,164
Postage	3,099	1,340	4,439	3,769
Telephone	25,662	11,715	37,377	36,847
Insurance	16,396	12,592	28,988	25,399
Equipment, Maintenance & Repairs	6,761	3,256	10,017	8,336
Contract Service	90,835	43,949	134,784	116,683
Management Fee	25,089	47,447	72,536	74,347
Rental Property Expenses	895,767		895,767	
Supportive Services	13,354		13,354	12,540
Depreciation	9,114	3,141	12,255	11,785
Amortization	134	46	180	180
Interest Expenses	3916		3,916	8,171
Housing Unit Expenses				
Other Expenses	5,607	7,319	12,926	361,059
<b>Total Expenses</b>	<b>\$ 2,294,810</b>	<b>\$ 724,182</b>	<b>\$ 3,018,992</b>	<b>\$ 2,354,470</b>

**COMMUNITY HOUSING DEVELOPMENT OF NORTH RICHMOND AND AFFILIATES**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
(With Summarized Totals for Totals for 2011)

	2012	2011
<b>Cash Flows From Operating Activities:</b>		
Changes in Net Assets	\$ 2,081,718	\$ 1,691,622
Adjustments to Reconcile Net Income to Net Cash Provided (Used) by Operating Activities:		
Prior Period Adjustment	(9,866)	(80,868)
Depreciation & Amortization	12,435	11,965
<i>(Increases)/Decreases in Operating Assets</i>		
Accounts & Notes Receivable	(311,130)	(368,222)
Deposits	(1,540)	(862)
Prepaid Expenses	(761)	(3,988)
<i>Increases/(Decreases) in Liabilities</i>		
Accounts Payable/Accounts Payable to Affiliates	(153,425)	71,741
Salaries Payable	8,781	(3,983)
Accrued Payables	(7,162)	(3,253)
Accrued Vacation	(14,162)	(12,778)
Accrued Interest	(126,280)	75,739
Security Deposits	(1,450)	1,450
Recoverable Grants	(485,015)	
Total Adjustment	(1,089,575)	(313,059)
Net Cash Provided (Used) by Operating Activities	992,143	1,378,563
<b>Cash Flows From Investing Activities:</b>		
Purchases of Fixed Assets (Net)	(5,346)	(2,516)
Land Held for Development	323,188	(72,920)
Construction In Progress/Predevelopment Costs	903,638	(144,450)
Net Cash Provided (Used) by Investing Activities	1,221,480	(219,886)
<b>Cash Flows From Financing Activities:</b>		
Proceeds/(Repayment) from Issuance of Notes Payable	(2,376,489)	(540,486)
Net Cash Provided (Used) by Financing Activities	(2,376,489)	(540,486)
Net Increase (Decrease) in Cash	(162,866)	618,191
Cash at the Beginning of the Year	1,530,068	911,877
Cash at the End of the Year	\$ 1,367,202	\$ 1,530,068
<b>Supplemental disclosure of cash flow information:</b>		
Cash paid for:		
Interest Expenses	\$ 3,916	\$ 8,171
Taxes	\$ -	\$ -

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Community Housing Development Corporation of North Richmond and Affiliates (CHDC) (the Organization), three California nonprofit corporations, were formed to promote the general welfare and economic development of low income groups in Contra Costa and Alameda Counties. CHDC accomplishes its objectives by constructing, rehabilitating, and providing decent, safe and sanitary housing for persons and families of low income who are in need of a suitable place to live.

In 2008, under its affiliate, North Richmond Economic Development Corporation, the Organization established a new business line, property management. The infrastructure was organized (staffing, policies, procedures, etc) and the program implemented. On August 18, 2008, the Organization began managing the day-to-day operations of the Barrett Terrace and Barrett Plaza properties. The Organization earns management fee at the rate of 7% of residential income collected. In March 2011, the Organization began managing Community Heritage Senior Apartments.

**Basis of Accounting**

The Organization's books are maintained, and the financial statements have been prepared, on the accrual basis of accounting, except developer fees which are recorded on the cash basis, when received.

**Basis of Consolidation**

The consolidated financial statements include the accounts of Community Housing Development Corporation of North Richmond, North Richmond Economic Development Corporation and Wood Development Corporation. All significant intercompany accounts and transactions have been eliminated. Accounting principles generally accepted in the United States of America require consolidation because these entities are governed by a common board of Directors.

**Contributions**

Generally accepted accounting principles require the Organization to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets released are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restrictions.



**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Contributions (Continued)**

When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

**Financial Statement Presentation**

The Organization has various funds, one of which is unrestricted, and the rest are temporarily restricted. The temporarily restricted funds are used to support specific programs within the Organization. The unrestricted funds are used to support the general and administrative functions of the Organization as well as additional support of the other programs.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into the following classes of assets:

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that do not expire.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the organization and/or the passage of time.

*Unrestricted Net Assets* - Net assets not subject to donor-imposed stipulations.

**Use of Estimates**

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

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturity within one year or less to be cash equivalents.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Expense Allocation (Continued)**

Accordingly, certain costs have been allocated among the programs and supporting services benefited.

**Property and Equipment**

Property and equipment are recorded at cost less accumulated depreciation. The Organization capitalizes all significant additions and improvements in excess of \$1,000. Property and equipment are being depreciated using the straight-line half-year convention over the estimated useful life of the asset, 15-30 years for leasehold improvements and 3-5 years for furniture, office equipment and vehicles.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs, which neither materially add to the value of the property, nor appreciably prolong its life are recorded as expenses as incurred.

For the fiscal year ending December 31, 2012 the organization incurred \$12,255 in depreciation expense.

**Financing Costs**

Financing costs associated with acquiring a long term notes payable are being amortized on a straight line basis over the life of the note, 30 years. Amortization expense for 2012 was \$180, which is also the annual expense for the next five years.

**Construction in Progress/ Predevelopment Costs**

The Organization capitalizes all significant costs associated with designing, developing, and constructing its various low income housing projects. Proceeds from the sale of constructed units are either recognized as revenue or are returned to grantors, if grant funds were used during the development of the project. Capitalized costs relative to projects which are later deemed to be infeasible are expensed in the year the project is abandoned.

**Income Taxes**

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code Section 23701 (d) of the California Revenue and Taxation Code.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Fair Value of Financial Instruments**

The carrying amounts of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term maturities of these assets.

**Comparative Information**

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended December 31, 2011, from which the summarized information was extracted.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2012, cash and cash equivalents consisted of:

Cash - Unrestricted	\$ 270,796
Cash - Restricted	<u>1,096,406</u>
Total	<u>\$ 1,367,202</u>

Of the \$1,367,202 deposited in financial institutions, \$753,512 was not covered by the federal deposit insurance.

**NOTE 3 - ACCOUNTS & NOTES RECEIVABLE**

At December 31, 2012, accounts receivable consisted of:

CalHome	\$ 1,887,529
Federal Contracts	63,590
Parkway Housing Inc.	133,122
Other	<u>171,142</u>
Total	<u>\$ 2,255,383</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 4 - PROPERTY AND EQUIPMENT**

At December 31, 2012, property and equipment were as follows:

Land	\$ 146,441
Buildings	148,083
Equipment & Furniture	188,354
Leasehold Improvements	<u>106,932</u>
Total Fixed Assets	589,810
Less Accumulated Depreciation	<u>(268,363)</u>
Net Fixed Assets	<u><u>\$ 321,447</u></u>

**NOTE 5 - CONSTRUCTION IN PROGRESS/PREDEVELOPMENT COSTS**

At December 31, 2012, The Organization had accumulated capitalized costs of \$3,563,482 representing costs relative to acquiring, designing and constructing low income housing units. Proceeds from the sale of constructed units are either recognized as revenue or returned to grantors, if recoverable grant funds were used to fund acquisition and/or construction or for the repayment of loans if loans proceeds were used.

**NOTE 6 - NOTES PAYABLE**

At December 31, 2012, the Organization was obligated on the following notes:

Creditor	Notes Detail	Outstanding Balance
Wells Fargo Bank	Mortgage payable for 1525-24 <sup>th</sup> Street Richmond CA, monthly payment of \$822, annual interest rate of 7.5%, maturing in June 2028 and secured by a deed of trust.	\$ 87,637
City of Richmond Redevelopment Agency	Note payable for 1448-52 Filbert Street, Richmond, CA. 0% annual interest rate, payable upon sale of the securing property or the occurrence of an event of default, secured by deed of trust.	\$ 195,078

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 6 - NOTES PAYABLE (CONTINUED)**

Creditor	Notes Detail	Outstanding Balance
City of Richmond as Successor agency to Redevelopment Agency	Five (4) notes for various projects, interest accrues at 3% simple interest per annum, principal and deferred interest payable at maturity, October 2056, secured by deed of trust.	\$ 201,006
City of Richmond	Note payable funded by HOME funds for the sum of \$377,000, for Nevin Court, interest payable at 3%, maturing in November 2063.	\$ 352,204
S.H. Cowell Foundation	Notes payable for a principal sum of \$1,000,000 for 1243-1255 Filbert Street, 1234 Filbert Street and 1267 Willard Avenue, interest rate accrues at 2.5% per annum. The note is secured by a deed of trust, maturing September 16, 2014.	\$ 1,000,000
City of Richmond	Note payable to finance predevelopment of 1267 Filbert Street. The note bears interest rate of 3% and is due September 30, 2065.	\$ 1,089,613
Contra Costa County Successor agency	Notes payable, interest accrues at 3% simple interest per annum; principal and deferred interest payable at maturity, December 31, 2012, secured by a deed of trust.	\$ 11,091
<b>Total Notes Payable</b>		<hr/> <b>\$ 2,936,629</b> <hr/>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 6 - NOTES PAYABLE (CONTINUED)**

The future annual maturities of long term debts are as follows:

2013	\$ 20,957
2014	1,009,866
2015	9,866
2016	9,866
2017	9,866
Thereafter	<u>1,876,208</u>
	<u>\$ 2,936,629</u>

**NOTE 7 - TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2012, temporarily restricted net assets consisted of \$400,000 for rehabilitation of residential rental property.

**NOTE 8 - PERMANENTLY RESTRICTED NET ASSETS**

At December 31, 2012, permanently restricted net assets consisted of CalHOME Program Funds and NeighborWorks America Grants in the amount of \$1,887,529 and \$1,206,234 respectively.

**NOTE 9 - LEASE COMMITMENTS**

The Organization is leasing an office space in Richmond, California and a copy machine. The lease expires respectively on May 14, 2015 and March 28, 2015. The following is a schedule of the future minimum lease payments under these operating leases:

	<u>Office Space</u>	<u>Copy Machine</u>
2013	\$ 15,972	\$ 1,170
2014	15,972	
2015	<u>15,972</u>	
	<u>\$ 47,916</u>	<u>\$ 1,170</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2012**

**NOTE 10 - RETIREMENT PLAN**

The Organization sponsors a qualified 403(b) retirement plan for eligible employees who meet the plan's eligibility requirements. Eligible employees are those employees who have completed one year of employment and have reached age 21, or were employed on the effective date of the plan, January 1, 2004. Employees may contribute up to the maximum allowed by income tax regulations; the Organization matches one hundred percent of employee contributions up to a maximum of 2%. Organization contributions vest incrementally over four years, after the first year of service.

**NOTE 11- PRIOR PERIOD ADJUSTMENT**

Prior year transactions on Community Housing Development Corporation and Wood books for construction in progress from abandoned projects along with receivables and payables from affiliates were written off. As a result, a prior period adjustment of \$9,866 has been recorded to decrease net assets.

**NOTE 12- SUBSEQUENT EVENTS**

Subsequent events were evaluated through June 26, 2013, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY INFORMATION**



**COMMUNITY HOUSING DEVELOPMENT OF NORTH RICHMOND AND AFFILIATES**  
**CONSOLIDATING-STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2012**  
(With Summarized Totals for 2011)

	2012				2011 TOTAL	
	CHDC	NREDC	WOOD	CONSOLIDATED & ELIMINATING		TOTAL
<b>ASSETS</b>						
<b>Current Assets</b>						
Cash & Cash Equivalents	\$ 1,345,035	\$ 22,167			\$ 1,367,202	\$ 1,530,068
Accounts & Notes Receivable	2,202,433	53,083			2,255,516	1,944,386
Accounts Receivable to Affiliates	39,843	20,407		\$ (60,250)		5,112
Deposits	4,602	2,050			6,652	21,062
Prepaid Expenses	11,995	9,828			21,823	21,062
<b>Total Current Assets</b>	<b>3,603,908</b>	<b>107,535</b>		<b>(60,250)</b>	<b>3,651,193</b>	<b>3,500,628</b>
<b>Fixed Assets</b>						
Property & Equipment, net	321,447				321,447	328,355
Land Held for Development	2,810,996				2,810,996	3,134,184
Construction in Progress/Predevelopment Costs	3,588,131				3,588,131	4,491,769
Financing Costs Less Amortization of \$2,785	2,785				2,785	2,966
<b>Total Fixed Assets</b>	<b>6,723,359</b>				<b>6,723,359</b>	<b>7,957,274</b>
<b>Total Assets</b>	<b>\$ 10,327,267</b>	<b>\$ 107,535</b>	<b>\$ -</b>	<b>\$ (60,250)</b>	<b>\$ 10,374,552</b>	<b>\$ 11,457,902</b>
<b>LIABILITIES &amp; NET ASSETS</b>						
<b>Current Liabilities</b>						
Accounts Payable	\$ 212,374	\$ 547	\$ 4		\$ 212,925	\$ 366,350
Accounts Payable to Affiliates	20,407	39,843		\$ (60,250)		
Salaries Payable	37,639				37,639	28,858
Accrued Expenses	2,698	3,498			6,196	13,358
Accrued Vacation	28,274	3,710			31,984	46,146
Accrued Interest	349,297				349,297	475,577
Security Deposits - Tenants	3,050				3,050	4,500
Recoverable Grants						485,015
Notes Payable, Current Portion	8,666				8,666	3,694,084
<b>Total Current Liabilities</b>	<b>662,405</b>	<b>47,598</b>	<b>4</b>	<b>(60,250)</b>	<b>649,757</b>	<b>5,113,888</b>
<b>Long Term Liabilities</b>						
Notes Payable	2,936,629				2,936,629	5,313,118
Less Notes Payable, Current Portion	(8,666)				(8,666)	(3,694,084)
<b>Total Long Term Liabilities</b>	<b>2,927,963</b>				<b>2,927,963</b>	<b>1,619,034</b>
<b>Total Liabilities</b>	<b>3,590,368</b>	<b>47,598</b>	<b>4</b>	<b>(60,250)</b>	<b>3,577,720</b>	<b>6,732,922</b>
<b>Net Assets</b>						
Net Assets	6,736,899	59,937	(4)		6,796,832	4,724,980
<b>Total Net Assets</b>	<b>6,736,899</b>	<b>59,937</b>	<b>(4)</b>		<b>6,796,832</b>	<b>4,724,980</b>
<b>Total Liabilities &amp; Net Assets</b>	<b>\$ 10,327,267</b>	<b>\$ 107,535</b>	<b>\$ -</b>	<b>\$ (60,250)</b>	<b>\$ 10,374,552</b>	<b>\$ 11,457,902</b>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND AND AFFILIATES**  
**CONSOLIDATED-STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
(With Summarized Totals for 2011)

	2012				2011	
	CHDC	NREDC	WOOD	CONSOLIDATED & ELIMINATING	TOTAL	TOTAL
<b>Support &amp; Revenue</b>						
<b>Support</b>						
Grants & Donations	\$ 642,058				\$ 642,058	\$ 676,438
Total Support	642,058				642,058	676,438
<b>Revenue</b>						
Government Contracts	1,048,492				1,048,492	2,000,682
Management Fees	337,147	\$ 237,355			574,502	425,882
Developer Fees					-	183,980
Forgiven Debt	697,199		\$ 2,083,982		2,781,181	671,531
Rental Revenue	27,495				27,495	20,442
Special Events	2,700				2,700	7,180
Interest Income	2,764				2,764	1,644
Other Income	21,436	82			21,518	58,313
Gain/(Loss) on Sale of Constructed Units					-	-
Total Revenue	2,137,233	237,437	2,083,982		4,458,652	3,369,654
<b>Total Support &amp; Revenue</b>	<b>2,779,291</b>	<b>237,437</b>	<b>2,083,982</b>		<b>5,100,710</b>	<b>4,046,092</b>
<b>Expenses</b>						
Affordable Housing Program	2,294,804		6		2,294,810	1,764,208
Management & General	476,106	248,076			724,182	590,262
Total Expenses	2,770,910	248,076	6		3,018,992	2,354,470
Changes in Net Assets	8,381	(10,639)	2,083,976		2,081,718	1,691,622
Net Assets, Beginning of the Year	7,513,482	70,576	(2,859,078)		4,724,980	3,114,226
Prior Period Adjustment	(784,964)		775,098		(9,866)	(80,868)
<b>Net Assets, End of the Year</b>	<b>\$ 6,736,899</b>	<b>\$ 59,937</b>	<b>\$ (4)</b>		<b>\$ 6,796,832</b>	<b>\$ 4,724,980</b>

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF FINANCIAL POSITION - NEIGHBORWORKS AMERICA  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**ASSETS**

Cash	\$	837,319
Construction in Progress/Predevelopment Costs		<u>368,915</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>1,206,234</u></b>

**LIABILITIES AND NET ASSETS**

Net Assets	\$	<u>1,206,234</u>
<b>Total Net Assets &amp; Liabilities</b>	<b>\$</b>	<b><u>1,206,234</u></b>

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF FINANCIAL POSITION - NEIGHBORWORKS AMERICA  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2012**

**Revenues, Gains and Other Support:**

Capital Grant - Neighborhood Reinvestment	\$	<u>260,000</u>
Change in Net Assets		260,000
<b>Net Assets - Beginning of the year</b>		<u>946,234</u>
<b>Net Assets - End of the year</b>	<b>\$</b>	<b><u>1,206,234</u></b>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND AND AFFILIATES**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2012**  
**(With Summarized Totals for 2011)**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>LOAN BALANCES</u>
U.S. Department of Housing and Urban Development Program: Housing Counseling Assistance Program	1.169	\$ 31,482	
U.S. Department of Housing and Urban Development			
Pass Through: City of Richmond Program: Community Development Block Grant	1.218 *	10,612	\$ 1,086,613
Pass Through: Contra Costa County Program: Community Development Block Grant	1.218 *	37,001	
Pass Through: City of Vallejo Program: Community Development Block Grant	1.218 *	66,745	
Pass Through: City of Walnut Creek Program: Community Development Block Grant	1.218 *	<u>6,119</u>	
Sub-Total of Community Development Block Grant		<u>120,477</u>	<u>\$ 1,086,613</u>
Pass Through: City of Richmond Program: Home Investment Partnerships Program	14.239 *	18,080	352,204
Pass Through: City of Oakland Program: Neighborhood Stabilization Program	14.256	11,125	
U.S. Department of Treasury Program: NeighborWorks America	21.000 *	560,458	
Total Federal Awards		<u>\$ 741,622</u>	<u>\$ 1,438,817</u>

\* Tested as a major program

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Housing Development of North Richmond and Affiliates, and is presented on the accrual basis. This information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used on the preparation of the basic financial statements.



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

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond and Affiliates  
Richmond, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Housing Development of North Richmond and Affiliates (a nonprofit organization), which comprise the statement of financial position as of December 31, 2012, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated June 26, 2013.

***Internal Control Over Financial Reporting***

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

*Grant & Smith LLP*

Oakland, California  
June 26, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133**

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond and Affiliates  
Richmond, California

***Report on Compliance for Each Major Federal Program***

We have audited Community Housing Development of North Richmond and Affiliates' compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community Housing Development of North Richmond and Affiliates' major federal programs for the year ended December 31, 2012. Community Housing Development of North Richmond and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Community Housing Development of North Richmond and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Housing Development of North Richmond and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Housing Development of North Richmond and Affiliates' compliance.



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133 (CONTINUED)**

***Opinion on Each Major Federal Program***

In our opinion, Community Development of North Richmond and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2012.

***Report on Internal Control Over Compliance***

Management of Community Housing Development of North Richmond and Affiliates is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Housing Development of North Richmond and Affiliates' internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of ABC Organization's internal control over compliance.

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

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





**GRANT & SMITH, LLP**  
*Certified Public Accountants*

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133 (CONTINUED)**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Grant & Smith, LLP*

Oakland, California  
June 26, 2013

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2012**

**SECTION I – SUMMARY OF AUDITORS’ RESULTS**

***Financial Statements***

Type of auditors’ report issued: *Unqualified*

Internal control over financial reporting:

- Material weaknesses identified? None
- Significant deficiencies identified that are not considered to be material weaknesses? None

Noncompliance material to financial statements noted?

***Federal Awards***

Internal control over major program:

- Material weaknesses identified? None
- Significant deficiencies identified that are not considered to be material weaknesses? None

Type of auditors’ report issued on compliance for major program: *Unqualified*

Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A- 133? No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnerships Program
21.000	Neighborworks America

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as a low risk auditee? Yes

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND AND AFFILIATES  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2012**

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND AND AFFILIATES  
STATUS OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2012**

None.

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND**

**AUDITED FINANCIAL  
STATEMENTS**

**DECEMBER 31, 2013**



**GRANT & SMITH, LLP**  
*Certified Public Accountants*

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND**

**AUDITED  
FINANCIAL STATEMENTS**

**DECEMBER 31, 2013**

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## **INDEPENDENT AUDITORS' REPORT**

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond  
Richmond, California

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Community Housing Development Corporation of North Richmond (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditors' Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit 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 audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

(1)

## INDEPENDENT AUDITORS' REPORT (CONTINUED)

### ***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Housing Development Corporation of North Richmond as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Other Matters***

#### ***Other Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with 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 financial statements as a whole.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 22, 2014, on our consideration of Community Housing Development Corporation of North Richmond's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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 Community Housing Development Corporation of North Richmond's internal control over financial reporting and compliance.



Oakland, California  
April 22, 2014



**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND**  
**STATEMENT OF FINANCIAL POSITION**  
**AS OF DECEMBER 31, 2013**  
(With Summarized Totals for 2012)

**ASSETS**

	2013	2012
<b>Current Assets</b>		
Cash & Cash Equivalents	\$ 2,117,632	\$ 1,345,035
Accounts Receivable	330,108	354,747
Deposits & Other Assets	3,987	4,602
Prepaid Expenses	2,361	11,995
Total Current Assets	2,454,088	1,716,379
<b>Non-Current Assets</b>		
Notes Receivable	2,003,622	1,887,529
<b>Fixed Assets</b>		
Property & Equipment, net	465,589	321,447
Land Held for Development	2,810,996	2,810,996
Construction in Progress/Predevelopment Costs	3,839,377	3,588,131
Financing Costs Less Amortization of \$2,814	2,605	2,785
Total Fixed Assets	7,118,567	6,723,359
Total Current Assets	9,122,189	8,610,888
Total Assets	\$ 11,576,277	\$ 10,327,267

**LIABILITIES & NET ASSETS**

<b>Current Liabilities</b>		
Accounts Payable	\$ 114,587	\$ 232,781
Salaries Payable	31,930	37,639
Accrued Expenses	11,685	2,698
Accrued Vacation	29,621	28,274
Deferred Program Revenue	963,203	
Security Deposits - Tenants		3,050
Notes Payable, Current Portion	1,082,453	8,666
Total Current Liabilities	2,233,479	313,108
<b>Long Term Liabilities</b>		
Notes Payable	3,119,809	2,936,629
Less Notes Payable, Current Portion	(1,082,453)	(8,666)
Accrued Interest	405,282	349,297
Total Long Term Liabilities	2,442,638	3,277,260
Total Liabilities	4,676,117	3,590,368
<b>Net Assets</b>		
Unrestricted	3,347,804	3,888,494
Temporarily Restricted	292,500	325,000
Permanently Restricted	3,259,856	2,523,405
Total Net Assets	6,900,160	6,736,899
Total Liabilities & Net Assets	\$ 11,576,277	\$ 10,327,267

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND**  
**STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
(With Summarized Totals for 2012)

	2013			2012	
	Unrestricted Funds	Temporarily Restricted Funds	Permanently Restricted Funds	Total All Funds	Total All Funds
<b>Support &amp; Revenue</b>					
<b>Support</b>					
Grants & Donations	\$ 866,730			\$ 866,730	\$ 642,058
Total Support	866,730			866,730	642,058
<b>Revenue</b>					
Government Contracts	\$ 889,328		\$ 50,000	939,328	1,048,492
Management Fees	336,357			336,357	337,147
Forgiven Debt				-	697,199
Rental Revenue	23,400			23,400	27,495
Special Events	2,200			2,200	2,700
Interest Income	1,432			1,432	2,764
Other Income	9,555			9,555	21,436
Net Assets Released From Restrictions	32,500	\$ (32,500)		-	
Total Revenue	1,294,772	(32,500)	50,000	1,312,272	2,137,233
<b>Total Support &amp; Revenue</b>	<b>2,161,502</b>	<b>(32,500)</b>	<b>50,000</b>	<b>2,179,002</b>	<b>2,779,291</b>
<b>Expenses</b>					
Affordable Housing Program	1,454,887			1,454,887	2,294,804
Management & General	560,854			560,854	476,106
Total Expenses	2,015,741			2,015,741	2,770,910
Changes in Net Assets	145,761	(32,500)	50,000	163,261	8,381
Net Assets, Beginning of the Year	3,888,494	325,000	2,523,405	6,736,899	7,513,482
Prior Period Adjustment	(686,451)		686,451		(784,964)
<b>Net Assets, End of the Year</b>	<b>\$ 3,347,804</b>	<b>\$ 292,500</b>	<b>\$ 3,259,856</b>	<b>\$ 6,900,160</b>	<b>\$ 6,736,899</b>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(With Summarized Totals for 2012)**

	2013			2012 Total
	Affordable Housing Program	Management & General	Total	
<b>Expenses</b>				
Salaries & Wages	\$ 724,260	\$ 291,387	\$ 1,015,647	\$ 953,460
Payroll Taxes	56,467	22,718	79,185	75,320
Employee Benefits	164,455	66,164	230,619	194,066
Professional Services	169,333	68,127	237,460	258,872
Rent	18,319	7,370	25,689	32,460
Utilities	8,421	3,388	11,809	13,436
Dues & Subscriptions	4,694	1,889	6,583	12,968
Conference & Training	15,889	6,392	22,281	23,767
Travel & Meals	16,008	6,440	22,448	23,792
Office Expenses	13,859	5,576	19,435	23,658
Postage	3,726	1,499	5,225	4,168
Telephone	25,550	10,280	35,830	34,507
Insurance	9,799	3,942	13,741	22,047
Equipment, Maintenance & Repairs	12,458	5,012	17,470	9,092
Contract Service	119,309	48,001	167,310	122,144
Management Fee			-	33,737
Rental Property Expenses	59,154		59,154	899,683
Supportive Services	12,728	5,121	17,849	13,355
Depreciation	9,972	3,333	13,305	12,255
Amortization	134	47	181	181
Interest Expenses	3702	1,489	5,191	
Other Expenses	6,650	2,679	9,329	7,942
<b>Total Expenses</b>	<b>\$ 1,454,887</b>	<b>\$ 560,854</b>	<b>\$ 2,015,741</b>	<b>\$ 2,770,910</b>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2013**  
**(With Summarized Totals for Totals for 2012)**

	<b>2013</b>	<b>2012</b>
<b>Cash Flows From Operating Activities:</b>		
Changes in Net Assets	\$ 163,261	\$ 8,381
Adjustments to Reconcile Net Income to		
<b>Net Cash Provided (Used) by Operating Activities:</b>		
Prior Period Adjustment	-	(784,964)
Depreciation & Amortization	13,486	12,436
<i>(Increases)/Decreases in Operating Assets</i>		
Accounts Receivable	24,639	839,621
Notes Receivables	(116,093)	(365,000)
Deposits	615	(1,540)
Prepaid Expenses	9,634	(243)
<i>Increases/(Decreases) in Liabilities</i>		
Accounts Payable/Accounts Payable to Affiliates	(118,194)	(362,674)
Salaries Payable	(5,709)	12,754
Accrued Payables	8,987	(10,660)
Accrued Vacation	1,347	(13,461)
Accrued Interest	55,985	63,347
Security Deposits	(3,050)	(1,450)
Recoverable Grants		(485,015)
Deferred Program Revenue	963,203	
<b>Total Adjustment</b>	834,850	(1,096,849)
<b>Net Cash Provided (Used) by Operating Activities</b>	998,111	(1,088,468)
<b>Cash Flows From Investing Activities:</b>		
Purchases of Fixed Assets (Net)	(157,448)	(5,347)
Land Held for Development	-	323,188
Construction In Progress/Predevelopment Costs	(251,246)	903,638
<b>Net Cash Provided (Used) by Investing Activities</b>	(408,694)	1,221,479
<b>Cash Flows From Financing Activities:</b>		
Proceeds/(Repayment) from Issuance of Notes Payable	183,180	(292,506)
<b>Net Cash Provided (Used) by Financing Activities</b>	183,180	(292,506)
<b>Net Increase (Decrease) in Cash</b>	772,597	(159,495)
<b>Cash at the Beginning of the Year</b>	1,345,035	1,504,530
<b>Cash at the End of the Year</b>	\$ 2,117,632	\$ 1,345,035
<b>Supplemental disclosure of cash flow information:</b>		
<b>Cash paid for:</b>		
Interest Expenses	\$ 5,191	\$ -
Taxes	\$ -	\$ -

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**General**

Community Housing Development Corporation of North Richmond (CHDC) (the Organization), (a nonprofit organization), was formed to promote the general welfare and economic development of low income groups in Contra Costa and Alameda Counties. CHDC accomplishes its objectives by constructing, rehabilitating, and providing decent, safe and sanitary housing for persons and families of low income who are in need of a suitable place to live.

**Basis of Accounting**

The Organization's books are maintained, and the financial statements have been prepared, on the accrual basis of accounting, except developer fees and grants from foundations, which are recorded on the cash basis, when received.

**Deconsolidation**

In prior years, consolidated financial statements were presented to include the accounts of Community Housing Development Corporation of North Richmond, North Richmond Economic Development Corporation (NREDC) and Wood Development Corporation. All significant intercompany accounts and transactions have been eliminated. Accounting principles generally accepted in the United States of America require consolidation because these entities were governed by a common Board of Directors.

As of January 15, 2013, CHDC and its affiliates were no longer administered by the same Board of Directors. CHDC has therefore deconsolidated NREDC and Wood Development Corporation from its statement of financial position and have eliminated the changes of their net assets beginning on that date.

**Contributions**

Generally accepted accounting principles require the Organization to report information about its financial position and activities in three classes of net assets: unrestricted, temporarily restricted, and permanently restricted. Unrestricted contributions are recognized as an increase in unrestricted net assets when received. Donor restricted contributions are reported as increases in temporarily or permanently restricted net assets, depending on the nature of the donor-imposed restriction. When restrictions are satisfied, either by the passage of time or by accomplishing the purpose, the temporarily restricted net assets released are reclassified to unrestricted net assets and reported in the activity statement as net assets released from restrictions.

When restrictions are satisfied in the same accounting period that the contribution is received, both the revenue and the related expense are reported in the unrestricted net asset class.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND AND AFFILIATES  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Financial Statement Presentation**

The Organization has various funds, one of which is unrestricted, and the rest are temporarily and permanently restricted. The temporarily restricted funds are used to support specific programs within the Organization. The unrestricted funds are used to support the general and administrative functions of the Organization as well as additional support of the other programs. Permanent restrictions are imposed by donors on contributions in a way that the restriction can never be released and the net asset must be held in perpetuity.

The accompanying financial statements have been prepared to focus on the Organization as a whole and to present balances and transactions according to the existence or absence of donor-imposed restrictions. This has been accomplished by classification of net assets and transactions into the following classes of assets:

*Permanently Restricted Net Assets* - Net assets subject to donor-imposed stipulations that do not expire.

*Temporarily Restricted Net Assets* - Net assets subject to donor-imposed stipulations that may or will be met by actions of the organization and/or the passage of time.

*Unrestricted Net Assets* - Net assets not subject to donor-imposed stipulations.

**Use of Estimates**

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

**Cash and Cash Equivalents**

For the purposes of the statement of cash flows, the Organization considers all highly liquid debt instruments purchased with maturity within three months or less to be cash equivalents.

**Expense Allocation**

The costs of providing the various programs and other activities have been summarized on a functional basis in the Statement of Activities and the Statement of Functional Expenses. Accordingly, based on management estimates certain costs have been allocated among the programs and supporting services benefited.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Property and Equipment**

Property and equipment are recorded at cost less accumulated depreciation. The Organization capitalizes all significant additions and improvements in excess of \$500. Property and equipment are being depreciated using the straight-line half-year convention over the estimated useful life of the asset, 30 years for building, 15-30 years for leasehold improvements and 3-5 years for furniture, office equipment and vehicles.

When assets are retired or otherwise disposed of, the cost and related accumulated depreciation is removed from the accounts and any resulting gain or loss is recognized in income for the period. The cost of maintenance and repairs, which neither materially add to the value of the property, nor appreciably prolong its life are recorded as expenses as incurred.

For the fiscal year ending December 31, 2013 the organization incurred \$13,306 in depreciation expense.

**Financing Costs**

Financing costs associated with acquiring a long term notes payable are being amortized on a straight line basis over the life of the note, 30 years. Amortization expense for 2013 was \$181, which is also the annual expense for the next five years.

**Construction in Progress/ Predevelopment Costs**

The Organization capitalizes all significant costs associated with designing, developing, and constructing its various low income housing projects. Proceeds from the sale of constructed units are either recognized as revenue or are returned to grantors, if grant funds were used during the development of the project. Capitalized costs relative to projects which are later deemed to be infeasible are expensed in the year the project is abandoned.

**Income Taxes**

The Organization is a not-for-profit organization exempt from federal income taxes under Section 501(c)(3) of the United States Internal Revenue Code Section 23701 (d) of the California Revenue and Taxation Code.

**Fair Value of Financial Instruments**

The carrying amounts of cash, cash equivalents, accounts receivable and other assets approximate fair values due to the short-term maturities of these assets.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)**

**Comparative Information**

The financial statements include certain summarized comparative information from the prior year. This information is presented in total and not by net asset class and does not include sufficient detail to be in conformity with generally accepted accounting principles. Such information should be read together with the Organization's financial statements for the year ended December 31, 2012, from which the summarized information was extracted. Certain amounts in the prior year financial statements have been reclassified for comparison purposes to conform for the current year presentation.

**NOTE 2 - CASH AND CASH EQUIVALENTS**

At December 31, 2013, cash and cash equivalents consisted of:

Cash - Unrestricted	\$ 158,033
Cash - Restricted	<u>1,959,599</u>
Total	<u><u>\$ 2,117,632</u></u>

**NOTE 3 - ACCOUNTS RECEIVABLE**

At December 31, 2013, accounts receivable consisted of:

Federal Contracts	\$ 78,835
Community First Lending	169,621
Other	<u>81,652</u>
Total	<u><u>\$ 330,108</u></u>

**NOTE 4 - NOTES RECEIVABLE**

Notes receivable consists of loans from the CalHome Program. The CalHome Program enables assistance for first time home buyer down payment. The program assists individual households through deferred payment loans. As of December 31, 2013, the outstanding balance was \$2,003,622.



**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 5 - PROPERTY AND EQUIPMENT**

At December 31, 2013, property and equipment were as follows:

Land	\$ 146,441
Buildings	304,083
Equipment & Furniture	178,508
Leasehold Improvements	106,932
Total Fixed Assets	<u>735,964</u>
Less Accumulated Depreciation	<u>(270,375)</u>
Net Fixed Assets	<u>\$ 465,589</u>

**NOTE 6 - CONSTRUCTION IN PROGRESS/PREDEVELOPMENT COSTS**

At December 31, 2013, The Organization had accumulated capitalized costs of \$3,839,377 representing costs relative to acquiring, designing and constructing low income housing units. Proceeds from the sale of constructed units are either recognized as revenue or returned to grantors, if recoverable grant funds were used to fund acquisition and/or construction or for the repayment of loans if loans proceeds were used.

**NOTE 7 - NOTES PAYABLE**

At December 31, 2013, the Organization was obligated on the following notes:

Creditor	Notes Detail	Outstanding Balance
Wells Fargo Bank	Mortgage payable for 1525-24 <sup>th</sup> Street Richmond CA, monthly payment of \$822, annual interest rate of 7.5%, maturing in June 2028 and secured by a deed of trust.	\$ 84,228
City of Richmond Redevelopment Agency	Note payable for 1448-52 Filbert Street, Richmond, CA. 0% annual interest rate, payable upon sale of the securing property or the occurrence of an event of default, secured by deed of trust.	\$ 195,078

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 7 - NOTES PAYABLE (CONTINUED)**

Creditor	Notes Detail	Outstanding Balance
City of Richmond as Successor agency to Redevelopment Agency	Four (4) notes for various projects, interest accrues at 3% simple interest per annum, principal and deferred interest payable at maturity, October 2056, secured by deed of trust.	\$ 201,006
City of Richmond	Note payable funded by HOME funds for the sum of \$377,000, for Nevin Court, interest payable at 3%, maturing in November 2063. Note secured by deed of trust.	\$ 368,895
S.H. Cowell Foundation	Notes payable for a principal sum of \$1,000,000 for 1243-1255 Filbert Street, 1234 Filbert Street and 1267 Willard Avenue, interest rate accrues at 2.5% per annum. The note is secured by a deed of trust, maturing September 16, 2014.	\$ 1,000,000
City of Richmond	Note payable to finance predevelopment of 1267 Filbert Street. The note bears interest rate of 3% and is due September 30, 2065.	\$ 1,198,013
Contra Costa County Successor agency	Notes payable, interest accrues at 3% simple interest per annum; principal and deferred interest payable at maturity, December 31, 2012, secured by a deed of trust.	\$ 72,589
		<hr/>
Total Notes Payable		<u>\$ 3,119,809</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 7 - NOTES PAYABLE (CONTINUED)**

The future annual maturities of long term debts are as follows:

2014	\$ 1,082,453
2015	9,864
2016	9,864
2017	9,864
2018	9,864
Thereafter	<u>1,997,900</u>
	<u><u>\$ 3,119,809</u></u>

**NOTE 8 - DEFERRED REVENUE**

CHDC received funding from two new programs in 2013 that have a balance recorded as Deferred Revenue totaling \$963,203. The California Department of Justice, Office of the Attorney General (OAG) the National Mortgage Settlement Program balance totaling \$309,945 and Chevron North Richmond/Richmond Economic Initiative balance totaling \$653,258.

**NOTE 9 - TEMPORARILY RESTRICTED NET ASSETS**

As of December 31, 2013, temporarily restricted net assets consisted of \$292,500 for rehabilitation of residential rental property.

**NOTE 10 - PERMANENTLY RESTRICTED NET ASSETS**

At December 31, 2013, permanently restricted net assets consisted of CalHOME Program Funds and NeighborWorks America Grants in the amount of \$2,003,622 and \$1,256,234 respectively.

**NOTE 11 - LEASE COMMITMENTS**

The Organization is leasing an office space in Richmond, California and a copy machine. The lease expires respectively on May 14, 2015 and February 15, 2018. The following is a schedule of the future minimum lease payments under these operating leases:

**COMMUNITY HOUSING DEVELOPMENT CORPORATION  
OF NORTH RICHMOND  
NOTES TO FINANCIAL STATEMENTS (Continued)  
DECEMBER 31, 2013**

**NOTE 11 - LEASE COMMITMENTS (CODNTINUED)**

	<u>Office Space</u>	<u>Copy Machine</u>
2014	\$ 15,972	\$ 5,484
2015	15,972	5,484
2016		5,484
2017		5,484
2018		457
	<u>\$ 31,944</u>	<u>\$ 22,393</u>

**NOTE 12 - RETIREMENT PLAN**

The Organization sponsors a qualified 403(b) retirement plan for eligible employees who meet the plan's eligibility requirements. Eligible employees are those employees who have completed one year of employment and have reached age 21, or were employed on the effective date of the plan, January 1, 2004. Employees may contribute up to the maximum allowed by income tax regulations; the Organization matches one hundred percent of employee contributions up to a maximum of 2%. Organization contributions vest incrementally over four years, after the first year of service. As of December 31, 2013, the organization paid \$28,878 into this plan.

**NOTE 13 - PRIOR PERIOD ADJUSTMENT**

During the year ended December 31, 2013, the Organization became aware of an adjustment that was necessary to restate beginning net assets in order to present current year financial information accurately. The net effect of this adjustment is a decrease in unrestricted net assets of \$686,451 and a corresponding increase in permanently restricted net assets \$686,451.

**NOTE 14 - SUBSEQUENT EVENTS**

Subsequent events were evaluated through April 22, 2014, which is the date the financial statements were available to be issued.

**SUPPLEMENTARY SCHEDULES**

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND  
STATEMENT OF FINANCIAL POSITION - NEIGHBORWORKS AMERICA  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**ASSETS**

Cash	\$	390,598
Construction in Progress/Predevelopment Costs		<u>865,636</u>
<b>Total Assets</b>	<b>\$</b>	<b><u>1,256,234</u></b>

**LIABILITIES AND NET ASSETS**

Net Assets	\$	<u>1,256,234</u>
<b>Total Net Assets &amp; Liabilities</b>	<b>\$</b>	<b><u>1,256,234</u></b>

**COMMUNITY HOUSING DEVELOPMENT  
CORPORATION OF NORTH RICHMOND  
STATEMENT OF FINANCIAL POSITION - NEIGHBORWORKS AMERICA  
CAPITAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2013**

**Revenues, Gains and Other Support:**

Capital Grant - Neighborhood Reinvestment	\$	<u>50,000</u>
<b>Change in Net Assets</b>		50,000
 Net Assets - Beginning of the year		 <u>1,206,234</u>
Net Assets - End of the year	\$	<u>1,256,234</u>

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH RICHMOND AND AFFILIATES  
STATEMENT OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED DECEMBER 31, 2013**

<u>Federal Grantor/Pass Through Grantor/ Program Title</u>	<u>CFDA NUMBER</u>	<u>FEDERAL EXPENDITURES</u>	<u>LOAN BALANCES</u>
U.S. Department of Housing and Urban Development			
Pass Through: City of Richmond Program: Community Development Block Grant	14.218 *		\$ 662,084
Pass Through: Contra Costa County Program: Community Development Block Grant	14.218 *	\$ 34,689	72,589
Pass Through: City of Vallejo Program: Community Development Block Grant	14.218 *	85,832	
Pass Through: City of Walnut Creek Program: Community Development Block Grant	14.218 *	2,152	
Pass Through: City of Oakland Program: Community Development Block Grant	14.218 *	<u>166,159</u>	
Sub-Total of Community Development Block Grant		<u>288,832</u>	<u>\$ 734,673</u>
Pass Through: City of Richmond Program: Home Investment Partnerships Program	14.239 *		1,107,451
Pass Through: City of Richmond Program: Community Development Block Grant ARRA Entitlement Grant (CDBG-R)	14.253		193,457
U.S. Department of Housing and Urban Development Program: Housing Counseling Assistance Program	14.169	20,556	
U.S. Department of Treasury Program: NeighborWorks America	21.000	279,922	
Total Federal Awards		<u>\$ 589,310</u>	<u>\$ 2,035,581</u>

• Tested as a major program

The accompanying schedule of expenditures of federal awards includes the federal grant activity of Community Housing Development of North Richmond and Affiliates, and is presented on the accrual basis. This information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audit of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used on the preparation of the basic financial statements.



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

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond  
Richmond, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Community Housing Development of North Richmond and Affiliates (a nonprofit organization), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated April 22, 2014.

**Internal Control Over Financial Reporting**

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

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

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



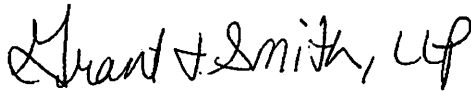
**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED  
ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE  
WITH GOVERNMENT AUDITING STANDARDS (CONTINUED)**

**Compliance and Other Matters**

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

**Purpose of this Report**

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



Oakland, California  
April 22, 2014



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133**

To the Board of Directors of  
Community Housing Development Corporation  
of North Richmond  
Richmond, California

**Report on Compliance for Each Major Federal Program**

We have audited Community Housing Development Corporation of North Richmond's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community Housing Development Corporation of North Richmond's major federal programs for the year ended December 31, 2013. Community Development Corporation of North Richmond's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditors' Responsibility***

Our responsibility is to express an opinion on compliance for each of Community Housing Development Corporation of North Richmond's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Community Housing Development Corporation of North Richmond's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Community Housing Development Corporation of North Richmond's compliance.

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133 (CONTINUED)**

***Opinion on Each Major Federal Program***

In our opinion, Community Housing Development Corporation of North Richmond complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2013.

***Report on Internal Control Over Compliance***

Management of Community Housing Development Corporation of North Richmond is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Community Housing Development Corporation of North Richmond's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Community Housing Development Corporation of North Richmond's internal control over compliance.

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

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

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR  
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY  
OMB CIRCULAR A-133 (CONTINUED)**

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

*Grant & Smith, LLP*

Oakland, California

April 22, 2014



**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
YEAR ENDED DECEMBER 31, 2013**

**SECTION I – SUMMARY OF AUDITORS' RESULTS**

***Financial Statements***

Type of auditors' report issued:	<i>Unqualified</i>
Internal control over financial reporting:	
• Material weaknesses identified?	None
• Significant deficiencies identified that are not considered to be material weaknesses?	None
Noncompliance material to financial statements noted?	

***Federal Awards***

Internal control over major program:	
• Material weaknesses identified?	None
• Significant deficiencies identified that are not considered to be material weaknesses?	None
Type of auditors' report issued on compliance for major program:	<i>Unqualified</i>
Any audit findings disclosed that are required to be reported in Accordance with Section 510(a) of Circular A- 133?	No

Identification of major program:

<u>CFDA Number</u>	<u>Name of Federal Program</u>
14.218	Community Development Block Grant
14.239	Home Investment Partnerships Program

Dollar threshold used to distinguish between type A and type B programs:	\$300,000
Auditee qualified as a low risk auditee?	Yes

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)  
YEAR ENDED DECEMBER 31, 2013**

**SECTION II - FINANCIAL STATEMENTS FINDINGS**

No matters were reported.

**SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

No matters were reported.

**COMMUNITY HOUSING DEVELOPMENT CORPORATION OF NORTH  
RICHMOND  
STATUS OF PRIOR YEAR FINDINGS  
DECEMBER 31, 2013**

None.

CHDC  
2012 OPERATING BUDGET SUMMARY

PROJECTED REVENUE

Source	HSG DEV.	HOME BUYER	COM. BLDG	ASSET MGMT	OPERATIONS	2012 TOTAL
Government Grants	\$0	\$89,200	\$28,000		\$38,950	\$156,150
Foundation Grants	\$130,000	\$165,500	\$94,000		\$60,000	\$449,500
Developer Fees	\$86,000	\$0	\$0		\$0	\$86,000
Program Income	\$0	\$1,950	\$0		\$0	\$1,950
Project Management Fees	\$137,944	\$0	\$0		\$0	\$137,944
Partnership Management Fees	\$0	\$0	\$0	\$10,000	\$0	\$10,000
Interest & Dividends	\$0	\$0	\$0		\$1,520	\$1,520
Rental Income	\$0	\$0	\$0		\$0	\$0
Gain on Project Sale	\$0	\$0	\$0		\$0	\$0
Annual Fundraiser	\$0	\$0	\$0		\$40,000	\$40,000
Program Fees	\$0	\$10,000	\$0		\$0	\$10,000
Service Fee	\$0	\$171,534	\$0		\$78,500	\$250,034
NeighborWorks	\$32,000	\$0	\$2,000	\$92,000	\$250,000	\$376,000
<b>TOTAL</b>	<b>\$385,944</b>	<b>\$438,184</b>	<b>\$124,000</b>	<b>\$102,000</b>	<b>\$468,970</b>	<b>\$1,519,098</b>

PROJECTED EXPENSE

Wages	\$267,948	\$346,813	\$92,836	\$81,996	\$155,930	\$945,523
COLA/FICA/WC/SUI/ETT	\$27,004	\$36,757	\$9,912	\$8,890	\$19,336	\$101,901
Employees Benefits	\$23,103	\$42,424	\$12,503	\$8,738	\$87,663	\$174,431
Repay Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$9,099	\$12,199	\$3,660	\$2,440	\$21,102	\$48,500
Contract Services	\$12,154	\$6,007	\$11,792	\$378	\$2,386	\$32,717
Supplies	\$2,651	\$14,476	\$3,590	\$1,060	\$4,498	\$26,275
Communications	\$6,164	\$12,536	\$3,199	\$2,164	\$17,879	\$41,943
Copying & Printing	\$1,499	\$4,998	\$899	\$600	\$7,447	\$15,442
Dues, Membership, Licensing &	\$1,205	\$4,410	\$723	\$482	\$6,181	\$13,000
Insurance	\$3,102	\$6,205	\$1,861	\$1,241	\$8,190	\$20,600
Occupancy	\$7,257	\$12,634	\$3,790	\$2,527	\$16,677	\$42,886
Equipment	\$1,069	\$2,139	\$642	\$428	\$2,823	\$7,100
Vehicle	\$0	\$0	\$0	\$0	\$0	\$0
Meals, Food, Travel	\$4,050	\$8,300	\$1,800	\$1,800	\$15,880	\$31,830
Conference/Workshops	\$2,000	\$6,000	\$1,000	\$1,000	\$5,000	\$15,000
Client Activities	\$0	\$0	\$0	\$0	\$0	\$0
Staff/Volunteer	\$218	\$687	\$131	\$87	\$827	\$1,950
<b>TOTAL</b>	<b>\$368,524</b>	<b>\$516,584</b>	<b>\$148,340</b>	<b>\$113,831</b>	<b>\$371,819</b>	<b>\$1,519,098</b>



CHDC  
2013 OPERATING BUDGET SUMMARY

PROJECTED REVENUE

Source	HSG DEV.	HOME BUYER	COM. BLDG	ASSET MGMT	OPERATIONS	2013 TOTAL
Government Grants		\$262,563			\$24,000	\$286,563
Foundation Grants	\$10,000	\$304,000	\$38,126		\$5,000	\$357,126
Developer Fees	\$75,000	\$0	\$0		\$0	\$75,000
Program Income	\$0	\$1,500	\$0		\$0	\$1,500
Project Management Fees	\$82,944	\$0	\$0		\$0	\$82,944
Partnership Management Fees	\$0	\$0	\$0	\$0	\$0	\$0
Interest & Dividends	\$0	\$0	\$0		\$1,520	\$1,520
Rental Income	\$0	\$0	\$0		\$9,000	\$9,000
Gain on Project Sale	\$0	\$0	\$0		\$0	\$0
Annual Fundraiser	\$0	\$0	\$0		\$50,000	\$50,000
Program Fees	\$0	\$10,000	\$0		\$0	\$10,000
Service Fee	\$0	\$193,000	\$46,552	\$71,552	\$100,000	\$411,104
NeighborWorks	\$150,000	\$40,000	\$2,000	\$0	\$155,000	\$347,000
<b>TOTAL</b>	<b>\$317,944</b>	<b>\$811,063</b>	<b>\$86,678</b>	<b>\$71,552</b>	<b>\$344,520</b>	<b>\$1,631,757</b>

PROJECTED EXPENSE

Wages	\$238,385	\$487,905	\$66,491	\$93,371	\$131,927	\$1,018,080
COLA/FICA/WC/SUI/ETT	\$23,638	\$50,062	\$6,849	\$9,384	\$17,073	\$107,006
Employees Benefits	\$19,039	\$59,883	\$8,465	\$9,003	\$94,885	\$191,275
Repay Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$10,444	\$59,222	\$1,778	\$2,716	\$15,667	\$89,826
Contract Services	\$667	\$33,379	\$333	\$567	\$2,000	\$36,945
Supplies	\$1,844	\$16,553	\$2,922	\$922	\$3,033	\$25,275
Communications	\$2,915	\$11,987	\$1,457	\$1,431	\$10,320	\$28,109
Copying & Printing	\$1,778	\$7,111	\$889	\$889	\$5,823	\$16,490
Dues, Membership, Licensing &	\$1,500	\$4,000	\$250	\$250	\$4,132	\$10,132
Insurance	\$2,056	\$8,222	\$1,028	\$1,028	\$6,167	\$18,500
Occupancy	\$5,318	\$17,511	\$2,189	\$2,189	\$13,133	\$40,340
Equipment	\$789	\$3,156	\$394	\$394	\$2,367	\$7,100
Vehicle	\$0	\$0	\$0	\$0	\$0	\$0
Meals, Food, Travel	\$3,300	\$9,800	\$900	\$750	\$15,880	\$30,630
Conference/Workshops	\$1,000	\$3,000	\$0	\$1,000	\$5,000	\$10,000
Client Activities	\$0	\$0	\$0	\$0	\$0	\$0
Staff/Volunteer	\$161	\$894	\$81	\$81	\$733	\$1,950
<b>TOTAL</b>	<b>\$312,832</b>	<b>\$772,686</b>	<b>\$94,027</b>	<b>\$123,974</b>	<b>\$328,140</b>	<b>\$1,631,659</b>

CHDC  
2014 OPERATING BUDGET SUMMARY

PROJECTED REVENUE

Source	HSG DEV.	HOME BUYER	COM. BLDG	ASSET MGMT	OPERATIONS	2014 TOTAL
Government Grants	\$40,573	\$344,044	\$26,426		\$28,883	\$439,925
Foundation Grants	\$50,000	\$349,000	\$19,000		\$34,500	\$452,500
Developer Fees	\$60,406	\$0	\$0		\$0	\$60,406
Program Income	\$0	\$3,300	\$0		\$0	\$3,300
Project Management Fees	\$195,960	\$0	\$0		\$0	\$195,960
Partnership Management Fees	\$0	\$0	\$0	\$51,478	\$0	\$51,478
Interest & Dividends	\$0	\$0	\$0		\$1,520	\$1,520
Rental Income	\$0	\$0	\$0		\$32,400	\$32,400
Gain on Project Sale	\$0	\$0	\$0		\$0	\$0
Annual Fundraiser	\$0	\$0	\$0		\$45,000	\$45,000
Program Fees	\$0	\$12,000	\$0		\$0	\$12,000
Service Fee	\$0	\$142,000	\$30,300	\$71,552	\$190,000	\$433,852
NeighborWorks	\$0	\$35,000	\$2,000	\$0	\$105,000	\$142,000
<b>TOTAL</b>	<b>\$346,939</b>	<b>\$885,344</b>	<b>\$77,726</b>	<b>\$123,030</b>	<b>\$437,303</b>	<b>\$1,870,341</b>

\$0

PROJECTED EXPENSE

Wages	\$271,751	\$612,878	\$67,440	\$94,600	\$189,788	\$1,236,457
COLA/FICA/WC/SUI/ETT	\$26,784	\$63,584	\$6,939	\$9,500	\$22,529	\$129,336
Employees Benefits	\$23,274	\$83,612	\$8,484	\$9,027	\$120,514	\$244,911
Repay Line of Credit	\$0	\$0	\$0	\$0	\$0	\$0
Professional Fees	\$3,777	\$15,106	\$1,511	\$1,511	\$13,596	\$35,500
Contract Services	\$745	\$13,979	\$298	\$298	\$2,681	\$18,000
Supplies	\$1,128	\$17,011	\$2,451	\$451	\$1,560	\$22,600
Communications	\$4,844	\$20,104	\$2,190	\$2,170	\$18,414	\$47,721
Copying & Printing	\$564	\$2,255	\$226	\$226	\$2,030	\$5,300
Dues, Membership, Licensing &	\$1,011	\$5,043	\$404	\$404	\$3,682	\$10,544
Insurance	\$1,830	\$7,319	\$732	\$732	\$6,587	\$17,200
Occupancy	\$4,309	\$17,234	\$1,723	\$1,723	\$15,511	\$40,500
Equipment	\$1,383	\$5,532	\$553	\$553	\$4,979	\$13,000
Vehicle	\$0	\$0	\$0	\$0	\$0	\$0
Meals, Food, Travel	\$4,050	\$9,800	\$900	\$750	\$13,472	\$28,972
Conference/Workshops	\$1,000	\$3,000	\$0	\$1,000	\$5,000	\$10,000
Client Activities	\$0	\$7,800	\$0	\$0	\$0	\$7,800
Staff/Volunteer	\$213	\$1,101	\$85	\$85	\$1,016	\$2,500
<b>TOTAL</b>	<b>\$346,660</b>	<b>\$885,358</b>	<b>\$93,936</b>	<b>\$123,030</b>	<b>\$421,358</b>	<b>\$1,870,341</b>

\$279

-\$14

-\$16,210

\$0

\$15,945

\$0



**Two Year Strategic Plan**  
*August 1, 2013 – July 31, 2015*

**Introduction**

Community Housing Development Corporation (CHDC) was founded in 1990 by local leaders committed to eliminating blight, improving housing and creating better economic conditions in North Richmond, a neighborhood that straddles the border of the city of Richmond, California. Today, CHDC has added over 240 owner-occupied homes throughout Richmond, added, preserved or rehabilitated over 850 quality rental units, and collaborated to improve public services, environmental safety, streetscapes and crime reduction/prevention in a growing area that now spans at least three counties. While continuing its original North Richmond focus, CHDC is recognized statewide for its homeownership, asset building and foreclosure recovery programs, and has advocated and trained nationally on affordable homeownership and mortgage lending issues. CHDC is a HUD-approved comprehensive housing counseling agency, leads several East Bay collaborative efforts on economic development and foreclosure recovery, and has a development pipeline of 500+ housing units.

CHDC created a 5-year strategic plan in 2005. In 2007, with the nationwide home loan crisis hitting Richmond and Contra Costa County full force, and invitations emerging to collaborate on projects in neighboring counties, the CHDC board evaluated and revamped its 2005 plan responding to these new conditions. A further update was completed in 2010 that took the organization through 2012. By the end of 2012 the board had committed itself to creating a new strategic plan, once again responding to a drastically changed environment that today includes the elimination of California's redevelopment agencies as a key funding source; the ongoing foreclosure epidemic in the low-income communities where CHDC focuses services; and other opportunities and challenges described in this plan document.

CHDC sought consulting proposals and funding to support the process, and selected DECO Associates as the planning consultant. Board and staff participated in a planning retreat June 21-23, 2013. CHDC extends its sincere thanks to the S.H. Cowell Foundation, the Y&H Soda Foundation and NeighborWorks America for making the consulting support and retreat possible.

The plan presented here covers two years but discussion at the retreat indicated that this time frame is aggressive and some of the goals might not be achieved fully within the two-year period. Specific objectives and a time frame will be developed alongside initial implementation.

The plan document was ratified by the board on September 18, 2013.

## **Planning Retreat Participants**

CHDC board members: Annie King-Meredith, President; Joseph Villarreal, Vice President; Jesse Slocum, Secretary; Norma Thompson, Treasurer; Rita Dorton-Curtis; Wilbert Lee; Maricela Navarro; Irma Poe; Erwin Reeves.

CHDC staff members: Donald Gilmore, Darlene Williams, Charles Fowlkes, Maria Benjamin, Eleanor Piez, Janie Holland, Stephanie Willis, Shane Sutherland, Joanna Griffith, Katrina Vizinau, Verna Causby-Smith

Consultants & NWA: Derrick Collins, Isaura Andaluz, Richard Castro (part time)

## **CHDC Mission Statement**

*Create and sustain vibrant communities that make a positive impact in people's lives by providing high quality affordable housing and neighborhood services.*

## **Pre-Retreat Planning Process**

The preliminary planning process included a survey of employees and board members, and telephone and in-person meetings with the consultants. The retreat opened with discussion of survey results, a Strengths, Weaknesses, Opportunities, Threats (SWOT) analysis from the surveys and meetings, and a summary of the external environment and what makes CHDC unique and significant.

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## **Opportunities and Goals for the Next Two Years**

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**Opportunity and Goal #1: To increase profitability by maximizing CHDC's existing services in regional markets.**

The table below indicates CHDC's geographical spread for each of its business lines. As it demonstrates, CHDC offers a wide variety of programs and services in a growing geographic area, but not all services are offered in every locality. Instead, community interests and funding availability in each local jurisdiction tend to drive services. CHDC plans to continue this approach by offering as full an array of services as each community seeks. Because of recent expansion and ongoing high demand especially in the area of home preservation and foreclosure recovery, CHDC's biggest challenge in 2013 is keeping up with community expectations especially in new localities. CHDC is working to raise the quality of customer service in these multiple locations including providing staff and clients with adequate communications and technology support.

X = currently established

Dates indicate recent or planned initiation of business lines in new locations

	Long term established business lines	New or developing business lines	Community Building & Organiz	Home Ownership & Down Pmt Asst.	Home Ownership Preservation	Credit repair & other asset bldg	Real Estate Dvpt	Property & Asset Mgt	First mortgage lending	Real estate services	General Contracting
North Richmond			x	x	x	x	x	x	2014	x	2013
City of Richmond/West Contra Costa			x	x	x	x	x	x	2014	x	2014
Central Contra Costa				x	x					x	
East Contra Costa				x	x	x				x	
Berkeley/Albany/Emeryville					x					2014	
Oakland					x	2013	2011	2011	2012	x	
Fremont/South Alameda County					x	2013				2014	
Vallejo			2013	2012	x	2013	2011		2013	x	2014
Fairfield/Solano County					x	2013				2014	
American Canyon/Napa County					x	2013				2014	

To continue operating and remain competitive, CHDC's Strategic Plan calls for:

- Maintaining current market saturation in North Richmond, East/West Contra Costa, Oakland, Vallejo, and neighboring areas.
- Increasing market saturation on an opportunistic basis where invitations and funding are offered.
- Marketing CHDC's current and new services in more of its currently-served geographic areas to build recognition of CHDC as a regional provider of affordable, quality housing and homeownership services.
- Reviewing mix of services provided on an ongoing basis and making adjustments to remain profitable.
- Developing protocol for ongoing profit-loss analysis vs. mission fit of business lines and programs within them, including evaluating the availability and allocation of earned and other revenues to support high-mission/low-profit activities (for example, community building or homeownership counseling activities).

**Opportunity and Goal #2: To develop diverse, long-term revenue streams to diversify revenue streams and reduce dependence on governmental support**

Federal, state and local government funding sources have shrunk significantly in large part due to the economic recession, but also due to changes in funding structure such as redevelopment agency elimination and federal sequestration. This has a domino effect on the communities CHDC serves, as financial loss translates into a reduction in services at a time when the communities are in greater need. CHDC needs to buffer against these market changes.

*To create diverse revenue streams, CHDC's Strategic Plan calls for:*

- A. New philanthropic revenue
  - CHDC to renew the Fundraising Committee
  - Increasing unrestricted funds within a year by 15%
- B. New earned revenue
  - CHDC to continue increasing its new business lines that include:
    - Real Estate – Brokerage Services (Community Assets Realty)
    - Lending (Community First Lending)
    - General Contracting
    - Third party property management
  - Develop (or update) a business plan for each of the above business lines to determine economic feasibility, growth projections & capitalization requirements
  - Assure appropriate legal structure for the corporate entities housing these business lines
  - Market these business lines to current clients in CHDC's established lines of business, reflecting CHDC's ongoing commitment to community development. For example, CHDC has opportunities to market to its past home buyers who now seek to refinance their loans or move to a new home.
  - Continue to collaborate with community partners to create comprehensive economic revitalization strategies for North Richmond. Incorporate CHDC's new business lines into these comprehensive strategies.

**Opportunity and Goal #3: To rebuild organizational infrastructure.**

CHDC staff size was reduced between 2010 and 2012 to meet budget constraints. To preserve program staff and support ongoing services, administrative infrastructure sustained the deepest cuts. Meanwhile, increasing regional demands for CHDC services have increased expectations for customer service and program support. The minimized infrastructure has the potential to create quality control gaps and reporting and reputational risks for CHDC.

*To rebuild organizational infrastructure, CHDC's Strategic Plan calls for:*

- An analysis to be conducted by a consultant to assess staffing needs based on current operations. Due to adding business lines while simultaneously reducing staff, many positions may need to be re-designed.
- Hiring a Human Resources Manager and Program Assistant were identified as immediate needs. A Public Affairs Manager was identified as an additional high priority to be included in the analysis of staffing needs.
- Developing and implementing a volunteer program as part of the Human Resources Manager's responsibility.
- Hiring (and recruitment of volunteer) interns to build local capacity for the organization and community.
- Developing job descriptions for new positions to support growth in new business lines.

**Opportunity and Goal #5: To develop competitive compensation packages to recruit and retain skilled staff.**

Skilled staff, salaries, retention, development, and recognition are on the minds of many at CHDC. In 2013 the job market is recovering and the skills, qualifications and abilities CHDC needs most are in high demand. After a period of flat or at times reduced salaries to meet budget constraints, CHDC is facing increased pressure to offer competitive salaries and benefits.

*To stabilize and builds its organizational capacity, CHDC's Strategic Plan calls for:*

- Hiring a Human Resource Manager
- Analyzing its current compensation package to determine whether salaries and benefits are competitive to retain and recruit people with the skills sets required for each position
- Evaluating current job descriptions, salaries and review process
- Continuing ongoing training opportunities for employees
- Developing employee recognition through mechanisms appropriate for CHDC's organizational structure

#### **Opportunity and Goal #6: To upgrade office infrastructure.**

Investment in state of the art infrastructure is necessary for CHCD to operate efficiently. Downtime due to impaired computer hardware or software, or a malfunctioning phone system, costs the organization not only money, but reflects poorly on CHDC's commitment to provide its clients high quality services.

*To provide quality services to its clients and minimize operating costs, CHDC's Strategic Plan calls for:*

- Completing an inventory of hardware, software, and technical support procedures needing upgrades: workstations, phone system, remote access etc.
- Determining options available to best meet CHDC's needs
- Soliciting funding for purchases and also upgrades to wireless or electrical systems, as necessary
- Identifying person to manage this project
- Soliciting equipment donations
- Purchasing equipment and setting up
- Documenting benefits from upgrade

#### **Opportunity and Goal #7: To improve internal communications.**

Service expansion especially to multiple sites, alongside limited capacity, has reduced the time staff has to communicate with each other. A new group of property management staff works at scattered sites and needs to become more knowledgeable about and aligned with CHDC's wide array of business lines and programs meeting its mission. Regular communication and face-to-face time is essential for all CHDC's corporate entities and staff to work as coordinated teams, avoid duplication of work and correctly inform the public about the opportunities CHDC offers.

*To maintain a cohesive, successful organization, CHDC's Strategic Plan calls for:*

- Expanding management team to include property management supervisor, maintenance supervisor and assistant director of real estate development.

- Instituting a consistent internal communication system under the Human Resources Manager that allows CHDC to be proactive in internal marketing and information dissemination.
- Instituting monthly management reports so all departments are informed on each other's projects, to avoid duplication of efforts.
- Holding regular staff meetings.
- Holding one-on-one meetings was a consultant recommendation.

**Opportunity and Goal #8: To develop a marketing plan reflecting CHDC's ongoing growth.**

Expansion into new counties, and development of new services and business lines will require that CHDC adjust its brand strategy and increase marketing efforts to reflect and take advantage of these changes.

*To rebrand and create a marketing strategy incorporating on-going changes, CHDC's Strategic Plan calls for:*

- Developing a "flexible brand" to best represent CHDC's new products and markets under their different corporate entities.
- Developing and implementing outcomes documentation to track economic and social impacts for use in fundraising and marketing.
- Translating these impacts into easily understood tag lines to be used for social media.
- Creating a Public Affairs Manager or similar position (to be structured as part of the human resource analysis) and use interns to develop and facilitate specific marketing goals.
- Revamping and updating the website and Facebook often.
- Including more community photos, stories and other relevant information in all media tools.
- Creating accounts in Twitter, Pinterest and other social media to reach new market segments and demographics – integrate with existing Facebook, website updates, E-mail lists to operate multiple channels and reach different audiences efficiently.



# Community Housing Development Corporation (CHDC) Succession Plan

As adopted April 16, 2014

A critical challenge within all organizations is how to sustain health over time. With effective leadership, an organization can enhance its capacity and develop through difficult times. The creation of a pipeline of effective leaders and managers can heighten an organization's chances of surviving difficult times and thriving in fulfillment of its mission and goals. This document will establish processes and procedures to be followed in the event key leaders and/or personnel within the organization leave unexpectedly or unplanned. It will attempt to define who within the organization is prepared to step into the key role where an absence has occurred in an attempt to maintain key relationships and provide appropriate oversight and direction regarding the organization's operations and programs.

This Succession Plan will be reviewed annually at the Board's Annual Meeting generally held in January.

## Executive Director

### Priority functions of the Executive Director (ED)

- Approval of all organizational expenditures
- Contract compliance oversight for funding sources
- Oversight of all program and service delivery
- Liaison to Board of Directors
- Relationship manager with all stakeholders
- Staffing & Human Resource Management
- Supervision of all staff and volunteers

### Succession Plan in event of a temporary, unplanned absence – Short Term

This plan would be enacted in the event of a temporary absence of the Executive Director who would be expected to return to his or her position once the issue(s) precipitating the absence is(are) resolved.

### Appointment of Acting Executive Director

In the event of a temporary, unplanned absence of the Executive Director, the Deputy ED will take on all the duties of the Executive Director with the same authority unless limited by the Executive Committee.

In the absence of the Deputy ED the Chief Financial Officer and a team of senior managers will carry out key executive functions. The Executive Committee of the Board of Directors may approve the Chief Financial Officer as Acting Executive Director. If none of these options are available the Executive Committee will have discretion to appoint any other member of the management team it deems most qualified or seek the expertise of an outside person.

The senior management team will consist of the following staff members:

- Chief Financial Officer
- Real Estate Development Director
- Asset Manager
- Director of Programs and Services
- Director of Resource Development
- Property Management Supervisor
- Director of HR
- Director of Community Building

Management Team members, in the case of the Deputy ED being absent will assume Executive Director key functions as follows:

Acting Executive Director (Chief Financial Officer )

- Approval of all organizational expenditures
- Contract compliance oversight
- Liaison to Board of Directors
- All Checking & Savings Account Reconciliation

Management Team

- Oversight of all programs and service delivery
- Relationship manager with all stakeholders
- Supervision of programs and services
- Supervision of Homebuyer, Post Purchase specialists, Administrative & Loan staff

#### Training and Preparation

All management team members will participate in supervisory and management training available through NeighborWorks® America Training Institutes and our local Nonprofit Center and/or Management Cornerstones.

The Executive Director will conduct in-house training and preparatory activity to educate and inform management team members of their responsibilities in the event of an unplanned absence. The training will consist of notification of emergency succession plans, roles and responsibilities.

Additionally, the Deputy ED or the Chief Financial Officer will be provided with the location of user ids and passwords of the Executive Director.

#### Authority and restrictions of the Acting Executive Director

The employee appointed as Acting Executive Director (the Deputy ED) during short term absence shall have the full authority for decision-making and independent action as the regular Executive Director.

The employee appointed as Acting Executive Director absent of the Deputy ED during short term absence shall have the full authority for decision-making and independent action as the regular Executive Director with the following exceptions:

- Personnel issues
- Signatory on checks

#### Compensation

The Acting Executive Director will be compensated for assuming additional responsibilities. The additional compensation will be calculated at 10% over the employee's current compensation.

#### Board Committee responsibility for oversight and support to the Acting Executive Director

The President of the Board of Directors will provide oversight and support to the Acting Executive Director. The Executive Committee will have responsibility for monitoring the work of the Acting Executive Director.

#### Communications Plan

As soon as possible after the Acting Executive Director has begun covering an unplanned absence, the Board Members and/ or the Acting Executive Director shall communicate the temporary leadership structure to the following key supporters external to CHDC.

City of Richmond, Vallejo, Oakland  
Community Economic Development Department

County of Contra Costa, Alameda, Solano  
Community Economic Development Department

NeighborWorks America  
District Director  
Lead Management Consultant

Director of Housing and Urban Development  
HUD Intermediary  
United Way of Greater  
State of California  
Foundations and Supporters  
Financial Institutions as required  
HR Attorney (Consultant)  
Other relevant Community Partners

#### **Succession Plan in event of a temporary, unplanned absence – LONG TERM**

In the event the Executive Director is expected to be absent longer than three months CHDC will operate in the following manner.

The procedures and conditions to be followed shall be the same as for the short-term absence with one addition:

- Personnel issues

The Executive Committee of the Board of Directors, in consultation with the Active Executive Director will fill staff positions if needed. Otherwise the position will be held open until the Executive Director has returned or submitted his/her resignation.

#### **Succession Plan in the event of a PERMANENT unplanned absence.**

In the event of an unplanned absence from which the Executive Director will not be returning, the procedures and conditions shall be the same as for long-term absence with the following additions:

- The Acting Executive Director will be designated the Interim Executive Director.
- The Board of Directors shall appoint a Transition and Executive Search Committee to recruit and hire a new Executive Director.

#### **Approvals and maintenance of records**

The Succession Plan will be reviewed and approved by the full Board of Directors for its vote and approval.

The Board President and the Executive Director shall sign the plan.

Copies of this plan shall be maintained by the Executive Director in a secure location known by the Secretary of the Board.

### **Board President Emergency Succession Plan**

#### **Priority Functions of the Board President**

- To preside over all meetings of the Board of Directors
- Leadership in the general and active management of the business of the corporation
- The President, with the approval of the Board, shall appoint members of all committees, which are created by the Board of Directors or CHDC By-laws.
- Sign corporate and legal documents
- Chair the Executive Committee

#### **Succession Plan in event of a temporary, unplanned absence – SHORT TERM**

In the absence of the President or in the event of his or her inability or refusal to act, the Vice President shall be designated to be the Acting President by the Board of Directors, for a period not to exceed three months. At the culmination of the three-month period it is incumbent upon the elected President to notify the Board of his or her intent and ability to resume the responsibilities of the position or to resign his/her position as President. Upon receiving such notice of resignation or inability to serve, the Board will hold a special election and elect a new Interim President from among its members. Such elected President will serve until the next annual meeting of the Board of Directors at which time a new full termed President will be elected.

#### **Training of the Acting President**

At the discretion of the Board of Directors

Authority and restrictions of the Acting President

The Acting Board President shall have the same authority and responsibilities of the President.

Board Committee responsible for oversight and support to the Acting President.

The Executive Committee of the Board shall provide the Acting President with support.

Communications Plan

The Acting President will bring any problems or concerns to the full Board of Directors at their monthly meeting.

**Succession Plan in event of a temporary, unplanned absence – LONG TERM**

In the event of a long-term absence of the Board President the same conditions will apply as those described in the procedures in the event of a short-term absence with the following exceptions:

- No special election will be held provided the current Board President submits in writing a statement of his or her desire and ability to continue to serve out their term.
- A new Board President will not be elected until the term of the current Board President has expired.

**Succession Plan in event of an unplanned absence, PERMANENT.**

In the event of a permanent unplanned absence the procedures described in the short-term plan will apply. A new Board President will be elected to a full-term at the next Annual Meeting of the Board of Directors.

This Succession Plan has been Approved by \_\_\_\_\_ Board of Directors this  
\_\_\_\_\_ day of \_\_\_\_\_

\_\_\_\_\_  
Board President

\_\_\_\_\_  
Date

\_\_\_\_\_  
Secretary of Board

\_\_\_\_\_  
Date

Community Housing Development Corporation  
(A nonprofit organization)

**ACCOUNTING POLICY MANUAL**

**INTRODUCTION**

It is the policy of the Board of Directors that the Organization shall be fiscally managed in accordance with policies which are approved by the Board of Directors, and implemented through procedures and directives issued by the Executive Director or Deputy Director. Furthermore, approved fiscal policies are to be contained in an Accounting Policy Manual, to be used as a reference for compliance with policy and for consistency of management decisions.

**RESPONSIBILITIES:**

1. Implementation: Executive Director or Deputy Director.
2. Upkeep of Manual: Chief Financial Officer (CFO).

**POLICY ON FORMULATION OF BOARD POLICIES**

It is the policy of the Organization that policy is established and approved by the Board of Directors. Policy is comparable to law; procedures are comparable to administrative rules. As such, the Board of Directors passes policy and the Executive Director establishes procedures. The purpose for this policy is to clarify the division of responsibilities in the process of developing Board policies.

**PROCESS:**

1. The need for policy in an area may be brought to the attention of the Board by any member of the Board or by the Executive Director or Deputy Director, CFO, or directly from an outside party such as an auditor, representative of a funding source, attorney, etc.
2. The wording for policies may be proposed and developed by staff, by an individual member of the Board, or by a committee effort.
3. All policies must be approved at a committee level even if proposed by a non-committee member. The proposed policy should be routed to the committee which normally deals with its subject matter; if a proposed policy does not clearly fall within the jurisdiction of an established committee, it will be routed to the Executive Committee for study or a Finance Committee shall be established by the President.

Policies should be analyzed in terms of benefits to the Organization, modified as necessary, and voted on for approval or rejection by the committee.

4. When a policy has received approval at the committee level, the committee has the option of deciding whether the policy requires full Board approval, or whether it may stand with approval of the committee only.

**SUBJECT: ORGANIZATION OPERATING BUDGET - POLICY**

It is the policy of the Organization that a Preliminary Summary Operating Budget be prepared at least 60 days prior to the commencement of each fiscal year, based on the most current information available and updated periodically, whenever projected changes in Revenues and/or Expenditures warrant, and at least as often as required by applicable funding sources. All Organization Operating Budgets must be approved by the Board of Directors. The format and content of such budgets are to be established by the Executive Committee of the Board of Directors.

It is also the policy of the Board of Directors that a deficit Budget cannot be approved. A deficit budget is defined as a budget in which the projected revenues are less than the projected expenditures, after adjustments for non-cash items.

**PROCESS:**

The Organization's Executive Director or Deputy Director shall submit to the Executive Committee such Operating Budgets as required and shall provide whatever additional information is needed for the Committee to make informed decisions.

As for the extent that such budgets impact on other Board committee responsibilities, it shall be the responsibility of the Chairperson of the Executive Committee to hold joint meetings with such other committees to obtain consensus.

The Executive Committee shall present such budgets, with recommendations, to the full Board for approval.

**SUBJECT: PREPARATION OF BUDGETS**

**Procedure:**

Periodically, the CFO may require department heads to submit operating budgets due to requirements of the Organization or outside interests.

**PROCESS:**

1. Instructions will be issued along with all the forms necessary to complete the budgets.

## **SUBJECT: BUDGETARY CONTROLS - ORGANIZATION WIDE**

### **GENERAL**

While the Executive Director has overall responsibility for the Organization's operating budget, the responsibility to develop monitoring systems and to report on variances has been delegated to the CFO.

### **PROCEDURE**

The CFO has developed the following reports to monitor the budgetary performance of the Organization and to report on variances on a monthly basis.

1. **Income Comparison Report:** This report contains an analysis of each item of Revenue showing the Annual Budgeted Revenue, the year-to-date Budgeted Revenue, the year-to-date Actual Revenue, Unearned Balance and % of annual budget earned. All variances of 10% or more shall be analyzed in a written narrative and published by the Wednesday after the 2nd full week following month end.

2. **Expenditure Comparison Report (Department Totals):** This report summarizes the totals by Department showing the Departments Annual Budget, the Departments year-to-date Actual Expenditures. Unexpended balance and % of budget actually spent (incurred).

3. **Expenditure Comparison Report (By Category):** This report contains the major categories of line item expenses and shows Annual Budget, year-to-date Budgeted Expenditures, year-to-date Actual Expenditures, unexpended balance and % of budget actually spent (incurred).

All variances of 10% or more shall be analyzed in a written narrative and published by the Wednesday after the 2nd full week following month end.

4. **Cash Flow Report:** This report contains the actual cash received for the month and year-to-date. Also, the report shows the beginning and ending cash balances.

All the above reports are issued to the Executive Committee for approval, and are submitted to the full Board on a monthly basis.

5. **Quarterly Expenditure Reports and Analysis:** Each quarter the Organization's expenditures are compiled according to City, County or Federal (Lender) funding sources and analyzed to determine that the Organization is complying with expenditure requirements including match to justify the contracts.

These reports are due 30 days after the quarter and are summarized for submission to appropriate Lender after review and approval of the Executive Director.



**6. Year-End Income and Expenditure Report:** This report summarizes the financial operations for the year and is based on the Organization's audited Financial Statements. Similar to the quarterly report, it is designed to determine that expenditures by funding source are sufficient to justify contract amounts.

This report is prepared within 120 days of year-end, using audited results, and is summarized for submission to Lender after review and approval of the Executive Director.

**Other Controls:** In addition to these Organization-wide reports, the CFO also reviews Monthly Expenditure Reports by line item for each Department and Monthly Revenue Reports by source of revenue by Department for all sources of Earned Income. Each Department Head has primary responsibility to operate within the approval Department Budget; however, coordination with the Controller is part of the control.

## **SUBJECT: BUDGETARY CONTROLS - DEPARTMENT SPECIFIC**

### **PROCEDURE**

It is the responsibility of each Department Head to monitor their budgetary expenditure levels throughout the year and to take corrective action when variances require such actions. Corrective action must include contact with the CFO to discuss approaches to be taken.

In addition, as part of the Executive Committee review, the CFO may initiate investigations on variances and may require Department Head input.

**Monthly Expenditure Reports:** To assist the Department Head in their responsibility for budgetary control, the Accounting Dept. will issue monthly expenditure reports by line item, by department, within 2 weeks after the quarter-end.

These reports will contain actual and budget expenditures for each month and year-to-date, as well as variance amounts. The Department Heads should use these reports to determine compliance with budget level programs.

**Monthly Revenue Report:** Each month a fiscal year-to-date report will be issued of Earned Revenue by department by Source of Revenue.

These reports will also be issued within 2 weeks after the quarter-end.

At the time of budget preparation, each department will be consulted to establish Revenue Goals. The Monthly Revenue Report will be measuring the actual performance against these Goals.

**Budgetary Responsibility of Department Heads:** Whenever a Department Head is aware that expenditure levels or revenue levels applicable to the Department are or may be at variance by more than 10%, a written action plan must be submitted detailing correcting action to be taken to rectify the situation.

Action Plan Reports are due at least by the Wednesday following the 2nd full week following month end.

These reports should be issued to the Deputy Director who will include these in the Deputy's report to the Executive Director. (Copies of the Deputy's report should also be sent to the CFO).

**SUBJECT: BUDGET CONTROLS - CHANGES TO BUDGET**

It is the policy of the Organization that changes to the Organization's Annual Operating Budget must follow the level of authorization shown below.

1. Department Head may shift up to \$500 for any category of expense so long as the total Department budget remains unchanged.
2. The CFO may shift line item budget for any operating department as long as the total operating budget is not exceeded.
3. The Executive Director may authorize shift in the organization-wide line item budgets up to 25% and must notify the Executive Committee of the Board of Directors of such shifts at the next regularly scheduled meeting.
4. Budget Revision in which the Organization's total budget is changed must be brought to the Executive Committee for evaluation. The Executive Committee shall present such budgets with recommendations, to the full Board for approval.

If individual department budgets or line item changes are proposed and the total changes do not require a revised budget, a Budgetary Change Form must be prepared and approved by the level of authority shown above.

**Personnel Changes**

If the change is in Personnel, show the position number in the first column, the Employee name and position title under the "Category" column, and Current and Revised amounts in the applicable column. The Current amount should always agree with the latest approved budget.

If the position being proposed is a new position, the Current columns would be zero "0" and there would be no position number, since no new position can be approved until the Budgetary Change Form is approved. Under the Revised column for such new position show the amount of salary thru the end of the fiscal year.

For all other changes to personnel, show the fiscal year effects of the proposed changes. Show the effective date of the change and whenever possible try to start the change for the beginning of a pay period.

If these personnel changes are approved, the signed approved copy of the Budgetary Change form should be attached to the Change of Status Form and/or the Authorization to Hire Form.

#### Other Expenditures Categories

In the first column of the Budgetary Change Form, show the Line Item # for the expenditures as contained on the Budget Detail Form.

The type of expenditure should be listed under the "Category" column. The Current and Revised Amounts should be recorded as applicable. Whenever possible show the effective date of change.

#### Reason for Change

Indicate in sufficient detail the reason for change. If necessary, attach additional material.

#### Processing of Changes

The Budgetary Change Form should be prepared by the level of authority requesting the change and signed by the levels of authority shown above.

In all cases, regardless of the authorization levels required, the Controller must sign off to evidence that the budget changes will be incorporated into the overall Operating Budget.

#### **SUBJECT: METHOD OF ACCOUNTING**

It is the policy of the Board of Directors that the books, records and accounts of the Organization be maintained on the accrual method of accounting.

#### **PROCESS DEFINITIONS:**

1. The accrual method of accounting requires that expenses be recorded when incurred and that revenue be recognized when earned. In a like manner, assets will be recorded when earned or obtained, and liabilities will be recorded when incurred.
2. A general ledger shall be maintained as a book of final entry to record the financial transactions of the Organization under the accrual method of accounting.

3. Balance sheet accounts will be established and maintained on an Organization wide basis.

4. Revenue accounts will be established in sufficient detail to reflect sources of funds earned and, whenever practical, to reflect the department that generated the revenue.

5. Expense accounts are assigned on a Department basis, with each Department (operating department) assigned a complete set of expense accounts.

6. Department Listing:

7. Chart of Accounts:

**RESPONSIBILITIES:**

1. The Bookkeepers are responsible for overseeing the maintenance of and the entries into the general ledger, and for establishing and maintaining the chart of accounts, and department assignments.

2. The CFO supervises Accountants and Bookkeepers and is ultimately responsible for the integrity of the accounting system.

**SUBJECT: INDEPENDENT AUDITS**

It is the policy of the Board of Directors that the financial statements for the Organization shall be audited at least once per year by Certified Public Accountants who are qualified to perform audits in accordance with "Governmental Auditing Standards".

Further, it shall be the policy of the Organization to rotate independent auditors at least every five years as deemed necessary.

The rotation policy fosters objectivity of the auditors, enhances the quality of services and brings forth different ideas and recommendations to improve the efficiency of the Organization.

**PROCEDURE:**

The selection of audit firms to conduct the above referenced audits shall be the responsibility of the Audit Committee of the Board of Directors, who will develop a Request for Proposal (RFP) and establish the term and condition of the request, following appropriate practices for selection of independent audit firms.

Agreement with the audit firm shall be negotiated for three (3) years with an option to renew for two (2) additional years or not to exceed a maximum audit period of five years.

To properly effectuate this rotation policy, the audit firm at the end of the audit period shall be precluded from submitting proposals.

**SUBJECT: PURCHASE AUTHORIZATION LEVELS**

It is the policy of the Organization to establish purchase authorization limits which are consistent with sound business practices. In accordance with this policy, the following schedule of authorization levels has been established:

DEPARTMENT HEADS may authorize purchase of goods and services up to a limit of 1/12th of the budgeted line item amount, not to exceed \$500 per purchase.

DEPUTY DIRECTOR may authorize purchase of goods and services up to the organization-wide budgeted line item amount, or \$10,000, whichever is less. All purchases over \$5,000 must be reported to the Executive Committee at the next scheduled meeting.

**CLARIFICATIONS:**

1. Nothing in this policy shall be interpreted to change the check signature authorization levels.
2. Authorization limits pertain to single purchases.
3. The authorization levels required for lease approvals shall be determined by the total amount obligated for the term of the lease.
4. All contracts which involve the expenditure of funds fall within the purchase authorization levels of this policy.
5. The CFO may veto or defer any expenditure on the basis of cash flow.
6. Deputy Director may veto or defer any expenditure on the basis of any reason.

**SUBJECT: GUIDELINES FOR MAKING LARGE PURCHASES/CONTRACTS**

It is the policy of the Organization to use the purchasing or contracting process which is most convenient, efficient, expeditious, and conducive to a standard of quality. When making large expenditures, or large purchases, renovations and other such items. Although economy is always a major consideration, the Organization need not always choose the least expensive course, if this is not consistent with other more desirable factors.

**SUBJECT: PURCHASING: LEASEHOLD, IMPROVEMENTS, RE-MODELING, MAJOR REPAIRS**

Every major repair, leasehold improvement, remodeling, and construction venture must be pre-approved by the Executive Director before it is ordered or carried out. Only emergency repairs, such as those that place in jeopardy the life or safety of the staff or clients may be authorized by other than the Executive Director or Deputy Director.

Because of the demands of cash flow, even approved capital outlays cannot be carried out without specific authorization. In order to assure that approved funds are not expended without proper authorization, and to assure compliance with regulations, the following procedure is to be observed:

a. The Deputy Director shall review each request for leasehold improvements, remodeling, minor construction, or major repair/construction from the standpoint of:

1. Health and safety issues
2. Licensing and permitting issues
3. Efficiency issues.
4. Other qualitative issues

b. The Deputy Director will approve or disapprove the request and pass it on to the E.D. for comments, discussion, and approval as to substance.

c. The E.D. shall approve or disapprove the project, and pass it on to the CFO for approval as to:

1. Status of authorization
2. Availability of funds

Any of the above may disapprove a project on the basis of it not having been pre-planned, and require justification as to why an unplanned project has taken precedence over a previously planned project.

d. Once the project is approved and authorization to spend has been given by the CFO, the Deputy Director shall coordinate the project, although the actual work may be delegated to department staff.

### 3. Contingencies

In recognition of the fact that events can occur which will require or make desirable the consideration of unplanned projects, the CFO will periodically review the budget with an eye toward determining whether funding is available for previously unplanned items, or whether new grants received require mid-year planning processes.

### 4. Board Approval

The Board of Directors must approve any project which is over the amount of \$25,000 even when the item has been included in the budget which the Board has already

approved. Therefore, time must be allowed for the process of obtaining Board approval, and must be anticipated and planned for.

All individual projects under the amount of \$25,000 which are in the approved Organization wide budget, or their financial equivalents, may be approved by the Executive Director.

#### 5. Commitments and Contracts

The Executive Director and Deputy Director are the only staff members who are authorized by the Board of Directors to sign binding contracts.

### **SUBJECT: APPROVAL OF FUNDING CONTRACTS**

#### Background and Definition

Funding contracts are defined as contracts in which an outside entity and the Organization enter into an agreement whereby the Organization provides services in consideration for receiving funds. All of the Organization's funding sources such as State of California, Contra Costa County, City of Richmond, Department of Housing and Urban Development, Department of Labor, as well as other funding agreements, are included in this definition.

If the total annual funding amount for a funding contract is \$500,000 or less, the Executive Director or Deputy Director is authorized to execute the agreement on behalf of the Organization.

If the total annual funding amount for a funding contract is over \$500,000, the approval of the Board of Directors is required. At the time such board approval is obtained, the authorized signators will be identified based on the requirements of the funding source.

Such board contract approvals will be made through formal Corporate Resolutions.

#### Contract Amendments

Amendments to contract over \$500,000 may be made by the Executive Director or Deputy Director who is thereby acting on behalf of the Board of Directors provided that:

- a. the original contract was initially approved by the Board of Directors as required above, and
- b. any such amendments are reported to the Board of Directors at the next scheduled board meeting.
- c. any significant changes in the language or scope of the contract shall, prior to their Amendment by the Executive Director, be reported to the Executive Committee and shall be subject to that Committee's approval. The term "significant" shall mean a

change that, in the opinion of the Executive Director, alters the meaning or scope of the contract.

## **SUBJECT: RETENTION OF RECORDS**

### **FISCAL RECORDS:**

Financial records and all records necessary to document expenditures; income, and assets must be kept five years, however for major assets, as long as the asset is owned. If any litigation etc. were initiated prior to the five year limitation, records must be kept until the resolution of all issues arising from these actions.

### **PROCESS:**

1. If any funding source or governmental regulation requires addition retention periods, these requirements will supersede this policy.

### **RESPONSIBILITIES:**

In order to comply with the above-stated Retention of Records Policy, the following procedures will be enacted:

1. The five year retention period to be used will include the five full years subsequent to the creation year. For example, records created in 2005 would be retained for 2005, 2006, 2007, 2008, and 2009.

2. The following type fiscal records are to be maintained:

- a. General Ledger
- b. Subsidiary Ledger
- c. Transaction Listings
- d. Bank Statement and Reconciliation
- e. Account Payable - Vendor Files
- f. Payroll Ledgers, time sheet and other payroll documents
- g. Cash Receipts Deposit documentation
- h. Reimbursement Request documents for other reimbursement Contracts
- i. Funding Contracts
- j. Audit Report
- k. Federal and State Taxes Return
- l. Insurance Policy

3. Records for the two prior fiscal years will be retained on site. Records for other periods may be retained off-site. Records shall be placed in storage boxes labeled as to contract source and fiscal year.

### **CARE, CUSTODY AND CONTROL OF RECORDS - FISCAL:**



The CFO shall be responsible for the Care, Custody, and Control of all records discussed in this policy; and will make sure that storage areas for record retention are properly ventilated, dry and secure. On a periodic basis but at least semi-annually the Controller must inspect the storage areas to assure continued compliance.

#### **ADMINISTRATION:**

Administration records including correspondence, records and memos from the files of the Executive Director, CFO, Deputy Executive Director, and other Administrative Management Staff are to be retained for 5 years following the fiscal year in which they were created.

#### **PROCESS:**

Files and records for the 2 year prior to the current fiscal year may be retained on site. Records for other periods may be stored off site. The records shall be placed in storage boxes labeled as to content, source, and fiscal year.

#### **CARE, CUSTODY AND CONTROL OF RECORDS - ADMINISTRATION:**

The Office Manager shall be responsible for the Care, Custody, and Control of all records discussed in this policy. The Office Manager will make sure that storage areas for record retention are properly ventilated, dry and secure. On a periodic basis but at least semi-annually the Office Manager must inspect the storage areas to assure continued compliance.

#### **PERSONNEL RECORDS**

Personnel Records of terminated employees must be retained for 5 years after the fiscal year in which termination occurred.

#### **PROCESS**

Files and records for the 2 years prior to the current fiscal year may be retained on site. Records for other periods may be stored off site. The records shall be placed in storage boxes labeled as to content, source and fiscal year.

#### **CARE, CUSTODY AND CONTROL OF RECORDS - PERSONNEL**

The Office Manager shall be responsible for the Care, Custody and Control of all records discussed in this policy. The Office Manager will assure that storage areas for record retention are properly ventilated, dry and secure. On a periodic basis but at least semi-annually the must inspect the storage areas to assure continued compliance.

#### **Method of Record Destruction**

The following levels of controlled record destruction are to be used when outdated records are to be destroyed:

1. Client Records and any other records described as confidential are to be shredded internally.
2. Personal Records and Financial Records are to be shredded internally.
3. All other items can be discarded by placing them in trash bags, tied and put into the recycling containers.

**SUBJECT: CITY, COUNTY REVENUE:**

The above range of accounts is assigned to Revenue Contracts from Government Agencies. While the nature of such contracts may change from year to year, the following accounts have been assigned during the current period the current listing includes:

List:

**SUBJECT: PROCESSING OF DONATIONS AND CONTRIBUTIONS TO THE ORGANIZATION**

When any person or organization makes a donation or contribution in cash, check or in-kind to the Organization, regardless of the program for which it is intended, the Controller is to be given the donation, or in the case of in-kind contributions, must be notified in writing of the donation.

The individual receiving the donation is to prepare a Receipt for Donation or Fund-raising Solicitation Form (receipt form) for all of the following type items.

- a. Cash
- b. Supplies
- c. Food
- d. Tickets to events
- e. Equipment and furniture
- f. Gifts for clients
- g. Books and magazines
- h. Videos, records, tapes, etc.

**Fund-raising**

The receipt form is also to be used for acknowledgment of fund-raising solicitation receipts.

One copy to the Property Accounting office, if item over \$25

One copy to the employee

#### Return of Property

In the event the employee is requested to return the property or desires to return the property previously assigned, the authorized representative of the Organization should obtain a copy of the Original Assigned Property Document from the Personnel office and should verify the propriety of the items being returned.

A new Assigned Property Document should be prepared and on the line entitled "Property Assigned to" cross thru and write "Property Received from". The authorized representative should date and sign for each item listed and should explain the reason for return in the "Comments" section.

Distribution of the form is the same as the original.  
Termination

#### **SUBJECT: CAPITAL PROJECTS**

The Capital Projects accounts are to be classified as part of the Fixed Assets for Balance Sheet presentation.

#### PROCESS:

1. These Capital Projects accounts are to be used to record all expenditures made for special projects that have been identified for specified Capital Funds. In this way, all expenditures will be captured in one account so that accountability of disbursements may be more easily made.

#### RESPONSIBILITY:

1. Each month a detailed analysis will be made and updated that will include check copies and will identify check #, date of expenditures, amount, payee, and type of expenditures, and will be reconciled to the applicable General Ledger Account.
2. When projects are completed the amounts accumulated in the Capital Projects Account will be re-distributed to the appropriate Fixed Asset and/or expense accounts.

#### SUBJECT: Accounts Payable

#### General

As compatible elements of the Accrual Method of Accounting, expenses are to be recorded when incurred. For this to be accomplished, invoices for goods and services

### **Name of Donor**

Since we will be acknowledging in writing all donations and fund-raising contributions complete the donor name and address section with as much detail as possible.

### **Received By**

The individual receiving the goods or cash must sign the receipt form, date, and for non-cash item, use the donor's estimate for the value (amount) of the items donated.

### **Type of Receipt**

Unless a specific fund-raising solicitation is underway, most contributions will be considered as "Donation".

Whenever a fund-raising solicitation is underway, the Controller will be notified. Therefore, if in doubt as to the type of receipt, contact the Controller.

### **Usage**

Unless the donor specifies a restriction of the donation usage, mark "non-specified". Otherwise, obtain the donor's request and indicate the name of the benefiting program designated by the donor. Also determine from the donor if the donation is for client use only.

### **Comments**

Indicate in the "Comments" section, the description of non-cash items as well as any other notation that would be helpful in evaluating the donation.

### **Processing of Receipt Form**

After completing the receipt, give a copy to the donor.

Copies of all receipt form must be given to the CFO, who will determine that the coding is correct and will cause a thank you letter to be sent to the donor.

### **Internal Process (Administration)**

Within one week of receipt, the Office Manager is to write a thank you letter to the donor using the standard approved format (See Sample).

The Office Manager is to maintain a donation log on a calendar year basis listing the items of information contained on the receipt.

As a back up to assure that all donations are being reported, the CFO will review the posting to the contributions, donations, and fund-raising accounts each month to verify that these activities have been reported under this directive.

#### **Donations of Capital Equipment and Small Office Equipment**

Furniture and equipment with a value new of at least \$25 but less than \$500 are classified as small office equipment.

Furniture and equipment with a value new of \$500 or more are classified as Capital Equipment.

In addition to the procedure described above, donations of Capital Equipment and Small Office Equipment will require additional accounting treatment.

#### **SUBJECT: SELECTION OF BANKS**

The selection of banks and type of accounts to be used for the funds of the Organization shall be the exclusive right of the Board of Directors.

Special Instructions: All Organization Checks require two signatures, one of which must be an officer of the Board of Directors and the other the Executive Director or Deputy Director.

#### **SUBJECT: PAYROLL**

It is the policy of the Organization to pay employees on a bi-weekly payroll cycle and to establish procedures to assure that hours worked are recorded and reported properly. Further, payroll controls should be established to assure the propriety and validity of all individuals receiving payments.

#### **PROCESS:**

##### **A. Pay Periods**

The bi-weekly payroll period shall be for a fourteen-day period commencing on a Monday and concluding on a Friday two weeks hence. The payroll pay date shall be the Wednesday after the concluding Friday of the payroll period. In the event that a pay date occurs on a legal holiday, payment may be made on the last workday prior to the holiday(s).

##### **B. EZ Labor Electronic Timesheet**

Each Employee will record daily activities on the EZ Labor Timesheets. Supervisors will review all timesheets for accuracy and completeness and verify the entries prior to submission for data input. Time associated with specific project will be indicated by account and project code established by EZ Labor. Accounting Clerk will enter the timesheets to ADP payroll system on biweekly basis.

## **Reporting Paid and Unpaid Absences and Benefits**

In addition to hours worked, the Time sheets should contain any hours of paid or unpaid absences. (See Personnel Policy Manual for eligibility and type of absences and benefits available).

Such absences and paid benefits must be authorized by the supervisor using the Advance Authorization which is to be attached to the applicable time sheet for processing. A separate authorization must be completed for each pay period even if the time off is consecutive such as vacation. For example, a vacation or other absence that extends over two pay periods must be authorized on two separate Advance Authorization forms, each covering the dates of the applicable pay period.

The following codes are to be used on the Time sheets to indicate the type of non-worked hours being reported and should be recorded in red ink:

### **Leaves of Absence**

The Personnel Policy Manual allows employees to request leaves of absences for extended periods of time. Whenever such absences are granted, the employee may have a considerable number of unpaid days included in the leave of absence. In order to simplify the time sheet reporting process, the following exception to the Advance Authorization request and time sheet recording is being made.

- a. Whenever there are no paid hours to be reported for an absent employee on authorized leave of absence, Advance Authorization forms do not have to be submitted with each time sheet. The supervisor should write across the entire 14 day period of the time sheet on the line, for the employee involved, "Leave of Absence".
- b. However, if any paid hours are included on the time sheet in any pay period, then the remaining work days must be accounted for thru the Advance Authorization form as described above. If the paid hours are non-worked hours, these must also be included and explained on the Advance Authorization form.

### **Submitting Time sheets**

Employees are required to complete EZ Labor Timesheets no later than 10 AM on the Monday following the conclusion of the pay period. If the Monday is a Holiday, special instructions will be issued covering the reporting requirements.

The Time sheets must be approved by each employee and by the supervisor.

Advance Authorization forms must be attached for any non-worked hours included on the Time sheets.

If employees are not available to sign Time sheets, supervisors are to process the Time sheets as required. Employees must be informed that they must go to the Accounting

office to sign their Time sheets and that the employees will not receive their paychecks until the Time sheets are signed.

In order to accommodate a few exceptions, such employees will be allowed to sign the Time sheets prior to the conclusion of the pay period so that the Time sheets can still be processed on time.

In so doing, some hours reported may be estimated based on scheduled work. It will be the responsibility of the supervisor to subsequently verify that the estimated hours were actually worked or an amended time sheet was prepared and submitted.

#### Distribution of Checks

The CFO will verify the accuracy of paychecks, including the accuracy of the direct deposit of net pay amounts. The Payroll Office shall deliver the paychecks to the CFO for distribution to employees.

- a. If the employee is on an approved absence or vacation on the dates when the Time sheets are signed and when the payroll checks are distributed the employee may request, in writing, to the Accounting office that his paycheck be mailed or given to an authorized party. However, upon return to work, the employee must sign the previously unsigned Time sheets before the next paycheck can be issued to him.
- b. If the employee is unable to come to the Accounting office to pick up his paycheck due to unusual circumstances such as illness and/or hospitalization, and the absence is not covered by an approved Advance Authorization (covered by (a) above), the employee may request in writing that his paycheck be mailed or given to an authorized party. Such request must be approved.

#### **SUBJECT: PROCEDURE FOR ADVANCE AUTHORIZATION FOR OVERTIME AND EXTRA HOURS WORKED**

##### General:

Non-exempt employees are not authorized to work overtime or extra hours without the prior approval of their supervisor. To assure compliance to this Policy, and to evidence prior authorization, the following procedures are to be followed:

##### Procedure:

Whenever a supervisor is to authorize overtime and/or extra hours to be worked by an employee, the supervisor must prepare an Advance Authorization for Overtime/Extra Hours.

This Advance Authorization form can be held for the entire pay period and submitted to Payroll Office with the time sheets.

Completion of the Form:

\* The name of the staff member who is to do the work and that person's employee number are listed in the applicable section of the form.

\* The date the work is authorized, the authorized hours to be worked and the reason for the work shall be indicated in the appropriate column. Completion of the next two columns will depend on the type of work and condition.

a. If the staff person is working extra hours in his/her own job, both the employee number covered and the position number charged will be the same as the staff member's own position number. (However, see Overtime Exempt Section for Exception).

Overtime Exempt Employees:

Employees who are overtime exempt are not paid for extra hours worked since their salary and position generally have taken these factors into consideration.

**SUBJECT: PROCEDURE FOR ESTABLISHING PERSONNEL EMPLOYEE NUMBERS**

All work positions in the Organization must be authorized by the Executive Director before anyone can work. This includes voluntary subsidized positions, students and other non-paid positions as well as all regular paid positions regardless of method of payment.

Departments

A Department is an accounting designation that is used to identify and accumulate expenditure categories (costs) for activities of a like nature or activities that are defined by the Organization management as appropriate for such treatment.

The Organization's accounting system is also set up to capture expenditures on a Department basis.

The CFO has the responsibility to establish Departments and to assign Department numbers.

Each Department is assigned a unique two-digit number for identification and control.

**SUBJECT: JOB DESCRIPTIONS**



Each job position shall have a correspondent job description. Each employee shall receive a copy of the job description for his position upon being hired, and when changes are made to the job description. It is the responsibility and right of management to change job descriptions as the requirements for work in a position change.

The Deputy Director shall receive input and hear recommendations from Department Head about the adequacy of current job descriptions and authorizes changes and shall supervise the integrity of the personnel files in this regard as well as in other areas.

Department Head shall receive input from supervisors and other staff about adequacy and currency of job descriptions and make recommendations to the Deputy Director for changes. The Department Head shall review the adequacy of job descriptions at least once a year and discuss changes with affected employees and provide training if needed.

Supervisors and other staff shall bring to the attention of Department Head perceived need for changes to the job description and in performance required by changes in the job description.

Office Manager shall implement the procedures as described below.

#### Procedures for Making Changes to Job Descriptions:

1. The changes made are submitted to the Deputy Director for approval, with a copy of the old job description attached.
2. If the Deputy Director approves the changes, then it is reviewed and approved by the Executive Director before final typing of the new job description is done, and the amended job description is entered into the computer disk labeled "Job Descriptions".
3. The amended Job Description is marked "Obsolete" and dated with the date when the new job description is effective.
4. The Office Manager marks "obsolete-and the date" on all of the job descriptions contained in the personnel files of employees currently employed who occupy that job position. The obsolete job description stays in the employee's file. Issues each affected employee a copy of the new or amended job description. Places new job descriptions in each personnel file. Place a copy of the obsolete job description, properly marked, in a hard copy file. Purges all supplies of obsolete job descriptions, and assures that new hired and/or rehired employees receive the current one.

**NOTE:** The computerized file of Job Descriptions will contain only the updated versions of the job descriptions. To review old job descriptions, the hard copy file must be examined. When a job description is being entered into the computer files, it must be dated with the date of the new version.

**SUBJECT: LOANS, LINES OF CREDIT, AND OTHER ENCUMBRANCES**

All loans, lines of credit, and/or other encumbrances incurred by the Organization must be approved by the Board of Directors. The Executive Director or Deputy Director and one officer of the Board are authorized to sign such documents of indebtedness.

**PROCEDURE:**

From time to time, the financial needs of the Organization may require funds thru loans, lines of credit, and/or other encumbrances.

When such circumstances occur, the Executive Director or Deputy Director shall present the request for such funding to the Executive Committee of the Board of Directors for evaluation. The Executive Committee shall submit the request to the Board of Directors and shall include the committee's recommendation for approval or disapproval.

Use of Lines of Credit: When Board approved, and a Line of Credit is obtained, the manner of drawing down funds is as follows:

a. The Executive Director or the CFO shall determine the amount of funds needed and shall prepare a Request for Funds as required by the bank. The Request for Funds shall be signed by the Executive Director or the Deputy Director and one Officer of the Board of Directors.

b. Copies of all such Request for Funds will be forwarded to CFO who will oversee the transfer of funds and record the appropriate accounting entries.

**SUBJECT: INVESTING OF CASH**

Whenever the Organization's cash funds are in excess of current cash needs, it is the policy of the Board of Directors that such excess funds be used to pay down indebtedness where applicable or be deposited into interest-bearing Money Market Account (s). Such Money Market Accounts shall be selected by the Board of Directors as per policy.

**Revolving Line of Credit**

Whenever Revolving Lines of Credit are in force and indebtedness exists, excess cash should be used first to pay down such indebtedness whenever possible.

In order to minimize interest expense by paying down such Revolving Lines of Credit, the Executive Director or the Deputy Director are authorized to transfer funds between the Organization's Revolving Line of Credit and its Commercial and/or Money Market Accounts by telephonic transfer.

**Control Over Telephonic Transfers**

Each such telephonic transfer shall be evidenced by a written authorization signed by the Executive Director or the Deputy Director and forwarded to the bank with a copy sent to the Treasurer of the Organization.

The bank shall be instructed to issue debit and credit advices evidencing these transfers and also shall be instructed to acknowledge in writing the limits of telephonic transfers as discussed above.

## **SUBJECT: CASH FLOW FORECASTING**

### **Background**

Cash management begins and ends with good planning. While it is a policy of the Organization that operating budgets be balanced as to revenue and expenditures, the timing of these activities can cause great fluctuations in the cash position. Therefore, cash flow forecasting is a vital tool in the cash management system.

### **Responsibility**

While the operational responsibility for cash flow forecasting rests with the Executive Director, the actual preparation and monitoring of cash flow forecasts is delegated to the CFO.

### **Forecasting**

Cash flow forecasting shall be updated on a monthly basis and shall be in sufficient detail to identify sources of revenue and expenditures for monitoring and planning.

Each month, the prior month's actual revenue and expenditures will be posted to the forecast. In so doing, the results for the periods prior to the current month will reflect actual activities.

Input estimates for the forecast are obtained primarily from the Organization's operating budget. However, off-budget items such as payments on capital leases, payments on long-term obligations, bank loans and repayment of same for short-term cash flow purposes, and accounts payable and accounts receivable from prior periods are also factored in to the forecast. Uses of the Forecast

There are several uses for the cash flow forecasts including:

a. **Cash deficits:** Being able to predict periods of cash deficits is one of the primary purposes of the forecast and it's a critical function in cash management. The annual forecast done prior to the fiscal year helps to pin point deficit periods and is used to determine if, and what type, of short-term borrowings are appropriate. In addition, expenditure plans can be altered when cash deficit periods are anticipated. Also,

funding sources can be contacted to request assistance to move up payment schedules.

b. **Cash Excess:** Especially vital in Cash Management is the ability to predict periods of excess cash. With such information, management can determine the best use of such excess funds.

**SUBJECT: PETTY CASH FUNDS**

The establishment of a petty cash fund requires the prior written approval of the Executive Director/Deputy Director and the CFO. This approval can be evidenced on the check request that establishes the fund.

The custodian of the petty cash fund must be a different person from the one who approves the fund reimbursement.

**PROCEDURES**

One person is to be identified and is responsible for care, custody, and control of the petty cash fund. All reimbursement checks are issued in the name of the custodian of the petty cash fund, i.e.; Jane Doe, Petty Cash. The custodian is responsible for maintaining the funds in a secure place especially after hours. For funds under \$100. \$300 and under, a locked file cabinet or locked desk is acceptable for storage of the fund. For funds of \$100., and over \$300, a safe is required.

All disbursements from the petty cash fund must be evidenced by signed receipts, which identify the items purchased, the amount, and the department to be charged, and shall be recorded on an expense voucher for each item of disbursement.

The petty cash fund cannot be used to make personal loans or to cash personal checks.

**PETTY CASH REIMBURSEMENT AND FUND RECONCILIATION FORM:**

Reimbursement of the petty cash fund shall be submitted on the "Petty Cash Reimbursement and Fund Reconciliation Form".

In the Reimbursement section list each item of expenditure showing amount and type of expense and the department to be charged. The total of this list is to equal the amount of "disbursement receipts" in the Reconciliation Section. Leave the account code column blank, this will be posted by the Accounts Payable Clerk. Receipts must be attached to the form in a secure manner, preferably in a sealed envelope so that access to the receipts can be obtained without destroying the receipt.

In the Reconciliation Section, list the detailed count of cash on hand where it says "Cash Count", the total amount of "petty cash vouchers" (for cash receipts in transit) and the total amount of disbursement receipts. The total of these three items should be

equal to the total "Fund Amount". Any difference between the Reconciliation Total and the Fund Amount should be listed in "over (short)".

**NOTE TO ACCOUNTS PAYABLE:** After receipts are verified to the Reimbursement Form, each receipt must be stamped "PAID" so that it cannot be used for subsequent reimbursement.

#### Timing of Reimbursement

Petty cash funds should be established at an amount equal to at least 2 weeks cash needs. Reimbursement requests should be made each Friday or whenever the fund is close to 50% exhausted, since the reimbursement check will not be received until the Friday following the week in which requests were received in Accounts Payable.

It is the responsibility of the petty cash custodian to plan ahead and to request reimbursements with sufficient lead time to prevent cash deficiencies.

#### Cash Losses:

The custodian of the petty cash fund is responsible for the fund and any losses that occur, unless extenuating circumstances, such as burglary of secured funds, exist. In such instances written statements of the facts, police reports and other documentation must be approved by the Executive Director before reimbursement is allowed from Organization funds.

#### Changes in Custodian:

Whenever a change of custodian is to be made, petty cash reconciliation is to be completed. A statement should also be included on the reconciliation indicating that the new custodian accepts the fund as reconciled. Both prior and new custodian should sign. Each should receive an original signed copy and another original signed copy should be sent to the accounting department. This should be done even for short transfer periods such as vacation or leaves.

**Controls:** The accounting office must maintain a file of current petty cash custodians, with signed evidence of responsibility.

On an unannounced basis, at least once a year, the accounting office must conduct a petty cash count and reconciliation to the General Ledger.

In analyzing the petty cash funds, accounting office is to determine if the amounts are appropriate for the activities involved. Recommendations to the CFO should be made if adjustments are required.

Supervisors of petty cash custodians are to reconcile the petty cash fund on a monthly basis each time reimbursement is requested on the Petty Cash Reimbursement and

Fund Reconciliation Form and submit evidence of such reconciliation to the accounting department.

**SUBJECT: A/R - GOVERNMENT**

This account is a control account that is used to record in total the amounts due from various Government Agencies. In addition, a subsidiary ledger is to be maintained for each of the specific other governmental contracts.

**PROCESS:**

1. In general, this account will be used to control amounts due from contracts with governmental agencies. Usually, all these funding sources support specific services based on proposals and expenditure budgets approved in contractual form. Also the approved budgeted expenditures are reimbursed after actual disbursements are made by the Organization.

**RESPONSIBILITIES:**

Each month, the subsidiary ledger shall be reconciled to this General Ledger Control Account. The reconciliation shall contain information having the outstanding amounts and the Service dates involved for each of the subsidiary accounts.

**SUBJECT: A/R - MISCELLANEOUS**

This account will be used to record amount due from any entities not covered by other receivable accounts.

**PROCESS:**

Billings to other agencies are on an occasional basis when a continued relationship does not appear likely, and other, such activities will be recorded in this account.

**RESPONSIBILITIES:**

1. Again, a detailed subsidiary ledger will be maintained for each of their billing and monthly detailed reconciliation to the General Ledger Control Account will be made.

**SUBJECT: SECURITY DEPOSITS ACCOUNT**

This account is to be used to record payments made for security deposits such as leases, utilities, etc. The distinguishing point is that the disbursement is not an expense but is being held by outsiders as security against possible future expenses or to be

applied to future purchases. Often these payments are held for a long term and interest is sometimes earned.

This account must be analyzed each month by the Bookkeepers, who will prepare a detailed listing showing payee, check number, date, amount, and purpose for the security deposit.

**SUBJECT: ACCOUNTING FOR PROPERTY: PURCHASES, TRANSFERS, DISPOSITIONS, ETC.**

**Definition:**

A. Property includes all office furniture, equipment, electronic departments such as calculators, Copier machines; and other tangible assets. These assets (property) are capital assets if the department cost is \$500.00 or more. If under \$500 they are classified as small equipment, provided that the department price is at least \$25. If under \$25, the item is classified as supplies.

**Procedure:**

Since capital assets (\$500 or more) may require prior written approval from funding sources before expenditure can be made, preplanning of these expenditures is mandatory. Usually, request for such capital asset purchases are to be submitted during the budget process. When actual purchase is requested, the Department Head is to complete a Request for Authorization to Expend Funds. The form is to be submitted to the Executive Director for approval and processing. Approved requests become purchase authorizations. If special bidding or solicitations/quotations are to be obtained, Purchasing Policy guidelines are to be followed. When items are purchased, approved invoices and all appropriate documentation is to be submitted to Accounts Payable, along with a copy of approved request.

**ACCOUNTING PROCEDURES:**

Invoices will be coded as capital assets or small equipment as applicable. On a monthly basis, the Accountant will schedule (list) all entries for the month and update the fixed asset schedule. Also, the Accountant will assign a CHDC Inventory Control Number (sticker) and will be responsible for having the sticker placed on the item. Please note that all items inventoried as capital assets or small equipment shall be assigned to an individual in addition to the Department identified. If an item or equipment is for common use, someone shall be assigned "care, custody and control" of the item. That person's name will be included in the inventory record. In the event no one is so assigned, the Department Head will be identified as the responsible party.

**Discarding of Property:** When property is either no longer needed by the Department and transfer to another department is not appropriate and/or when property is no longer functional, a transfer form should be prepared describing the facts and sent to the CFO.

The CFO will review the request with the Executive Director and a decision as to disposition will be made and notated on the transfer form.

Note: If property was purchased with Federal, State or County funds, approval from these agencies may be required prior to disposition. In addition, all dispositions of capital equipment and all adjustments to the Fixed Asset Account must be approved by the Executive Committee in advance. When disposition is completed, the transfer form is sent to the Bookkeepers for recording.

E. Sale or Donation of Property: Sale or donation of property can only be made with the prior written approval of the Executive Director. In addition, all dispositions of capital equipment and all adjustments to the Fixed Asset Account must be approved by the Executive Committee in advance. A transfer form would still be prepared describing the circumstance involved. Approval of the Executive Director as to propriety and of the Controller Services as to process will be required. Upon completion, the transfer form is sent to the Bookkeepers for recording.

Note: If property was purchased with Federal, State or County funds, approval from those agencies may be required prior to disposition.

#### Valuation of Donated Equipment

Whenever anyone offers to donate property or equipment to the Organization, the CFO should be notified. A decision will be made as to acceptance and an individual will be assigned to coordinate the receipt of the property or equipment. The coordinator will prepare detailed documents describing the goods and indicating the condition.

The documentation will be forwarded to the CFO who will be responsible for assigning a value to the items involved.

#### Establishing Valuations

The CFO will obtain comparable prices (new) for the donated items and will depreciate the values to an amount consistent with the remaining use life of the item.

The following use life will be used as a guide:

Office Furniture -	5 years
Office Equipment -	5 years
Other Furniture -	5 years

#### Recording Donated Equipment

The CFO shall indicate the valuation to be used on the Donated Equipment Form (price new) and forward the Form to the Accountant, who will record the transaction on the Fixed Asset Input Form, tag the asset and enter the data to the Fixed Asset Ledger. Code the input form under conditions as used and Funding Source as #5 Donated. At



the same time, the CFO will issue a journal entry to the Accounting Department to record the transaction.

The entry will be as follows:

Debit: Property & Equipment (as applicable)  
Credit: In Kind (donated) Revenue

A companion entry will also be made to record depreciation as follows:

Debit: Depreciation Expense  
Credit: Accumulated depreciation to reflect est. depreciation of donated equipment to arrive at remaining value.

The items will be included on the Depreciation Schedule with like item of similar remaining use life.

**SUBJECT: ORGANIZATION PROPERTY ASSIGNED TO EMPLOYEES -  
PROPERTY**

**Definition:**

Assigned Property refers to Organization property that is given to employees in connection with their work and may from time to time be removed from the Organization premises.

Such items may include keys, manuals, office equipment, computers and computer terminals, cell phones, automobiles, etc.

The above are differentiated from office equipment and property which may be used by the employee and is not authorized to remove such items from the Organization premises.

**Procedure:**

All assigned property must be acknowledged in writing as received by the employee and authorized by the Organization using the Assigned Property Document.

Department Heads may authorize assignment of property up to a value of \$500. Over this amount requires the approval of the Deputy Director.

Completed Assigned Property Documents are to be distributed as follows:

The original to the Personnel office for filing in the employee's personnel file.

are to be recorded in the benefiting month. Also, the liability incurred when goods and services are obtained, must be reflected in the books and records of the Organization.

#### Policy

To accomplish these objectives, it is the policy of the Organization to establish a system to record expenses in the benefiting month(s) and to record liabilities for these goods and services in the month in which the liability was incurred.

#### Procedure

Each day invoices are received and forwarded to the Accounts Payable clerk. These invoices are gathered in a grouping of "work to be processed": In addition, requests for disbursements are submitted by department heads and authorized managing staff, either with approved invoice for services or a Check Request with other supporting documents. These also are gathered into the grouping of "work to be processed."

#### Processing of Invoice and Check Request

The first step in the process is to verify that the invoice, as requested, is not a duplicate by verifying the invoice to the vendor's accounts payable file. If it is a duplicate, the vendor and/or the requester will be notified and the invoice/request will be disregarded. If the invoice/request is not a duplicate, the document will be stamped with the Accounts Payable stamp:

The Accounting Clerk will indicate that the invoice has been verified (not a duplicate) and calculation have been verified.

Purchase of goods will require a receiving document to be signed and dated by the individual that actually reviewed and verified the items; this is usually the purchasing location. Such evidence of receipts are brought to the Accounts Payable clerk for subsequent verification to the vendor's invoice.. The "receipt" line on the Accounts Payable stamp may be cross-reference to the receiving documents or the receiver can also date and initial the A/P stamp. All other invoices for which Receiving Reports are not created, must be initialed and dated.

All invoices over \$1,000 submitted for payment including subcontracts and requests for checks, will be reviewed and approved by the CFO. All invoices up to \$1,000 submitted for payment including subcontracts and requests for checks, will be reviewed and approved by the Department Head if \$500 or less or Director if \$1,000 or less. Evidence of supervisory review and approval shall be adequately documented on all invoices and requests for disbursements.

Disbursements will not be processed unless they are approved by authorized personnel. All disbursements must be supported by original receipt or invoice. In emergencies when service

The due date for payment will be recorded by the individual approving the invoice for payment. If no due date is indicated, meaning that the invoice should be paid in due course, the A/P clerk will schedule the payment for the next available payment cycle.

Invoices can only be approved for payment by individuals who have the appropriate level of authority based on purchasing policy. The invoices will be coded with the Department numbers and general ledger accounts numbers. These are approved either by the purchasing location, the Accounting Manager or the CFO.

After invoices and check requests are verified and approved, the Accounts Payable clerk enters the information to the MIS Accounts Payable Program. Vendors are identified by vendor number. The Accounts Payable clerk assigns vendor numbers in alphabetical and vendor's number order.

#### **Payment of Invoices and Check Requests**

For ease of processing, invoices are processed for payment on the Friday closest to the due dates. Before the actual checks are printed, a listing is obtained and verified to ascertain that nothing unusual exists and that cash flow availability is still appropriate.

If any adjustments are required, they are made and the checks are created. Checks are prepared in triplicate. The original will be sent to the payer, the pink copy will be filed with the invoice in the vendor's file, and the yellow copy is filed in check number numerical sequence.

Before the checks are submitted to management for signature, the control (yellow) copy is removed and retained in accounting.

The check signer will have the original duplicate check and invoice, and other back up data present when signing the checks. Checks are signed by individuals authorized to do so based on the Distribution Policy.

#### **SUBJECT: ACCRUED LIABILITIES**

##### **GENERAL:**

Since the Board of Directors has established that the books and accounts of the Organization shall be maintained on the accrual method of accounting, transactions must be recognized and recorded in the appropriate benefiting period. Likewise, liabilities must be recognized when incurred.

##### **PROCEDURE:**

Each month during the month end closing process, the Accountant and the CFO shall review the activities of the period to determine if there are any events that must be recognized through an accrual entry.

Some of the areas of evaluation shall include:

**Accrued Payroll** - Since the Organization's bi-weekly payroll is paid one week after the pay period ends, and since the pay date will usually determine the month in which the transaction is recorded, there will always be a need to prepare an accrual entry to record the payroll liability for the time worked but not yet paid.

The period of accrual shall include the dates since the last recorded payroll period to the end of the month. For example, if in the month of March the last payroll recorded in the month was for the pay period ended on March 24 and paid on March 31, an accrual would be required for the period from March 25 thru March 31. The amount of the accrual would be an estimate based on the amount and account distribution contained in the last recorded payroll. Even though some departments (Departments) have staff working on weeklends, the payroll shall be considered to cover 10 work days and the accrual estimate will be made for the number of week days contained in the accrual period.

Using the example above, the full two week payroll for the period ended March 24 would be listed showing the amount of payroll charged to each department and total payroll.

Since the pay period always ends on a Friday, we know that the accrual period runs from Saturday, March 25, thru Friday, March 31. As stated above, we shall make an accrual estimate based on the number of week days contained in the accrual period ;i.e., 5 days (Monday, March 27 thru Friday, March 31).

The accrual amount shall be 50% (5 days accrual 10 days full payroll) of the amounts by department contained in the March 24 pay period.

This accrual entry will be recorded in the closing entries for the month of March.

The credit will be to the accrued Payroll Account. However, the debits will be to the "Other Salary" account for each department. We are charging the accrued salary expense to the other "Other Salary" accounts rather than the "salary & wages" account so that the latter will agree with the Labor Distribution Report, which is used as a payroll control by the Department Head. The accrual entry is to be reversed in the following month.

**Accrued FICA** - In addition to the accrual for payroll as discussed above, an accrual should be made for the employer's portion of the FICA tax applicable to the accrued payroll.

The accrual entry is to be reversed in the following month.

**Unrendered Invoices** - Whenever there is a reasonable belief that a liability has been incurred but the vendor's invoice has not yet been received, an accrual should be made if the following exist:

- a. The amount of the liability can be reasonably determined.
- b. The amount of the liability is in excess of \$500.

Some transactions that would be considered for this treatment are:

- a. Merchandise previously ordered has been received.
- b. The delay in receipt of a regular monthly invoice for goods or services still under contract. For example, utility, bills, telephone, rental invoice, equipment leasing invoice, etc.

The accrual entry is to be reversed in the following month.

#### **SUBJECT: NOTES PAYABLE**

No obligation that results in a long term debt (more than one year) can be incurred without the prior written approval of the Executive Committee if over \$10,000, or the Board of Directors if over \$25,000.

#### **Procedure:**

Each year, the notes payable should be separated between the amount due in the current year and those amounts payable after the current year. The amounts due in the current year will be recorded in account number -Notes Payable-Current. Amount due in subsequent years are to be recorded in Account -Notes Payable-Long Term.

For Balance Sheet presentations, the Notes Payable-Current will be listed as a Current Liability. The Notes Payable-Long Term will be listed as a Long Term Liability.

#### **Accounting:**

Each Notes Payable will usually be accompanied by a payment amortization schedule, either for the entire term of the note, or at least, for the current year. If none is provided, the CFO will have one prepared using standard computer Amortization Programs.

Payments are to be set up through Accounts Payable with each payment identifying the interest amount (charged to Account - Interest Expense) and the principal payment charged to Account -Notes Payable-Current.

#### **SUBJECT: SALARIES ACCOUNTS (BY DEPARTMENT)**

Compensation paid to the Organization's employees is to be charged to Account Salaries (by Department). This account will be used to record gross salaries for each payroll. Usually there will be two payroll payments per month. Since the Organization pays on a bi-weekly basis, there are 26 pay periods per year. Therefore, in two months each year, there will be three payrolls charged.

It should be noted, however that the salary account is always charged using the accrual method of accounting.

**SUBJECT: VACATION PAY ACCOUNT**

The Vacation Pay expense account is only charged or credited at fiscal year end when the year-end accruals are made to record the liability for earned, unpaid vacation. During the year, vacation payments are simply a part of the regular salaries charged to expense each pay period.

The logic being that budgets for the year are calculated on each individual annual salary. This may be 50 weeks of regular pay and two weeks of vacation or any combination thereof.

However, at year end the liability for vacation pay is calculated for all eligible employees. The Accrual Vacation Account is adjusted to the new liability, increase, or decrease as compared to last year's accrual. The offsetting entry is to this Vacation Pay expense account.

**SUBJECT: PROFESSIONAL FEES**

Professional Fees are expenses made for services of attorneys, auditors, accountants, consultants, and other type professionals that are not employees.

**Auditing Expenses for the annual audit of the Organization's Financial Statements**  
The expense is recorded in the year the audit is completed or the year of payment, whichever is earlier. The expense is charged prorated to each Department.

**Legal Expenses for attorneys and other legal consultants.** Charge to Administration Department, unless otherwise specified.

**Other Professional Fees - Expenses for professional fees other than legal, and audit.**

**SUBJECT: COMMUNICATIONS:**

The following expense accounts have been assigned to record expenditure pertaining to communication.

**TELEPHONE:** The monthly telephone bill is analyzed by the Supervisor of the Reception Area, who verifies the charges, especially long distance calls and approves the bill for payment. Distribution by Department is made based on the number of telephones assigned to each Department. In other locations that have separate systems, the Department director is responsible to approve the telephone bill. All approved telephone bills are returned to Accounts Payable for processing.

**POSTAGE:** The Main Office utilizes the Pitney-Bowes Mailing System with the Postage By Mail Program. The Postage By Mail Program allows the Organization to mail correspondence using the metered mail machine. Postage Deposits in increments of \$400.00 are paid to the Pitney-Bowes System. As the meter reading gets down to below \$400 (Starting form \$800), a deposit is made. The charges are allocated to all departments equally, since the amounts are too small for a more exact allocation basis.

**Cell Phones:** Certain positions need to be on call at all times. These employees are authorized to obtain a cell phones; however, all requests and leasing of cell phones must be handled by the CFO. Those Departments obtaining cell phones will be charged for the cost in this Acct.

#### **SUBJECT: PRINTING AND REPRODUCTION**

The following expense accounts have been assigned to record expenditures pertaining to Printing & Reproduction:

**OUTSIDE PRINTING:** All arrangements to obtain outside printing of forms, brochures, reports, documents, manuals, etc must be approved in advance by the CFO if the amount exceed the purchase limits of the Department Director and/or the purchase exceeds the Department's budget for this category.

Generally, purchase quantities should be limited to one year usage and may be charged directly to this account at the time of purchase. Departments purchasing outside printing items will be charged at the time of invoice processing.

**IN-HOUSE DUPLICATING:** The cost of paper and other supplies necessary for the in-house copiers will be charged to this account. Charges to the Department will be based on allocations at time of purchase or quantities specified for the Department, whichever is appropriate. (NOTE: The costs of leasing the copiers are charged to Equipment leasing. Maintenance costs copiers are charged to Repair & Maintenance Equipment).

#### **SUBJECT: BUILDING RENTAL**

Rental Agreements that commit the Organization to rent payments over several months or years must be approved by the appropriate level of authority based on the total obligation over the full term of the Agreement.

Rental Lease Agreements, with a total obligation of \$50,000 or greater must be reviewed by an attorney representing the Organization. While the Board of Directors is not bound to accept the recommendation of the attorney, the meeting minutes in which these decisions are made should reflect the reasons for same.

#### **PROCEDURES:**

The lease files are to be maintained by the CFO, who will institute a follow up program to notify the Organization when leases are scheduled for rent charge, renewal, or tenants at least 60 days prior to the date necessary for action. Longer lead times may be established when applicable.

In addition, the CFO will develop a detailed rent schedule to be used by Accounts Payable as authorization to make monthly or provide payments. The rent schedule shall include Landlords name, Address, Rental Location Address, Monthly Rental Amount termination Date of Lease.

As changes are made, Accounts Payable will be given written notification in advance. Also, commencing with the month of change, revised Rent Schedule will be issued. As rent payment checks are copy of the current Rent Schedule is to be attached to each check so that the check signers can have evidence that the payment is appropriate.

#### **SUBJECT: EQUIPMENT RENTAL**

The following accounts have been assigned to record the expenditure for Equipment Rental. As a general rule all equipment rental & agreements must be included in the Department budget and it must be approved in advance by the CFO as well as the appropriate authorized level.

**COPIER RENTALS:** This account is used to record the rental costs for copiers and copier equipment. As part of the lease negotiation process an evaluation will be made as to the requirement of treating the transaction as a Capital Lease. If so, the full purchase price will be set up as fixed assets and the monthly "lease" payments will be split between purchase and debited to the Capital Lease Account and Interest debits the Interest Expense Account. When in doubt the transaction will be set up as a copier rental and will be re-evaluated at year end audit. The expense will be charged to benefiting Departments on an equal basis, except that the copier cost in the Administration Department will not be allocated, since costs are subsequently allocated.

**COMPUTER EQUIPMENT & SYSTEM LEASE:** As mentioned above, these leases will be evaluated to determine if they meet Capital Lease Treatment. The expense of Computer leased equipment & system pertaining to the integrated equipment in other locations tied in to the server will be charged to Administration. Other computer equipment such as PCs and support equipment used in the Organization will be charged directly to such Department.



**SUBJECT: DEPRECIATION AND AUTHORIZATION**

It is the Organization's policy to calculate depreciation and authorization on a straight line method, i.e. the value of the asset is divided by the useful life (in months) and that amount is charged each month equally. Depreciation is an accounting method to write off the cost of Fixed Assets to expense. Authorization is similar but refers to the write off of non-tangible Fixed Assets, i.e. leasehold improvements and other such rights.

The following accounts have been assigned to record the Depreciation & Authorization expense:

ACCT:	TYPE ASSET	USEFUL LIFE
-------	------------	-------------

**PROCEDURE:**

When Fixed Assets are purchased, the invoices will be coded with the appropriate asset account and the Department. In addition to being posted to the Fixed Asset Ledger, the purchase is also posted to the Depreciation Schedule, maintained by the Bookkeepers, who will calculate depreciation by asset category and Department and prepare monthly Journal Entries.

**SUBJECT: CONFERENCE AND TRAINING**

The following accounts have been assigned to receive the expenditure for Conferences, Including workshops and staff training and development:

Conference Registration Fees- This account will be used to record the Cost of Registration fees for outside conference. It is not necessary to breakout the cost of a lunch which may be included in the fee. However, if room costs are included these need to be separated and changed to Room & Board. .

Staff Training & Development- This account will be used to record the costs of conducting or providing staff training & development, either in-house or outside.

**SUBJECT: PERIODICALS, BOOKS, AND SUBSCRIPTIONS**

This account is to be charged with expenditures for subscriptions to magazines, periodicals, professional journals, books for staff library, and other type of expenditures for Organization-business related education printed material, not intended for staff training. For example cost of workshops given to employees as part of the training would be charged to Staff Training & Development Acct.

However, a series of book purchased for the Department staff as reference materials would be charged here. If materials are purchased for client's education the cost will be charge to Education Supplies. Video cassettes would be handled with the same distinctions as discussed above.

**SUBJECT: PROFESSIONAL DUES AND MEMBERSHIPS**

This account will be used to record expenditures made to Professional Organizations to which the Organization is a member. Generally, all such memberships must be approved by the Board of Directors as to propriety as well as amount of such dues.

Such Organizations are created to provide members information and resources pertaining to the members business. This is differentiated from payments made to organizations in which an ownership interest is obtained. Expenditures resulting in an ownership interest would be a capital investment. Unless otherwise directed, all expenditures for professional dues will be made from non-governmental funds, i.e., no federal, state, county, or city funds are to be used. These expenditures will also be excluded from the "Computation of Matching Requirements" schedule reported in the Audited Financial Statements. The exclusion will be labeled as "Non-reimbursable expenses."

Unless specifically authorized, no Department except Administration is allowed to incur expenses for this cost.

**BUDGETARY CHANGES FORM**

TO:

FROM:

DIVISION: \_\_\_\_\_ DATE \_\_\_\_\_

DEPARTMENT: \_\_\_\_\_

PROGRAM: \_\_\_\_\_

CHANGES: (Describe, specifying position number, title, employee name, if applicable, effective date, other, if applicable)

Pos # or Line #	Category	Amount	Revised
-----------------	----------	--------	---------

TOTAL

REASON FOR CHANGES:

\_\_\_\_\_  
\_\_\_\_\_  
\_\_\_\_\_

SIGNATURES: \_\_\_\_\_ DATE: \_\_\_\_\_

DEPARTMENT HEAD: \_\_\_\_\_

CONTROLLER: \_\_\_\_\_

DEPUTY DIRECTOR: \_\_\_\_\_

EXECUTIVE DIRECTOR: \_\_\_\_\_

Note: If these changes affect Personnel, an approved copy of this Budget Change form must be attached to the Change of Status form and/or Authorization to hire form.

# **CHDC**

## Employee Handbook

Community Housing Development Corporation

*An Equal Opportunity Employer and Provider Since 1990*

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## **Introduction to the Employee Handbook**

This Employee Handbook is intended as a helpful resource guide to the workplace at Community Housing Development Corporation (which will be referred to in this manual as "CHDC"). Please take the time to read it and become familiar with its contents. Ask your immediate manager, Human Resources or the Executive Director if you have any questions. This Handbook explains, in general terms, our workplace philosophies and beliefs, and our employment guidelines. As laws, regulations and organizational needs change, guidelines, policies and benefit programs may change. None of the policies or benefits described in this manual is intended by reason of their publication to confer any special rights or privileges upon specific individuals or groups. It does not establish any enforceable employee rights or an employment relationship, contractual or otherwise. This manual supersedes and replaces all previous employee manuals.

Except for the employment at will policy and provisions required by law, CHDC reserves full discretion to modify or delete provisions of this Handbook, or the policies and procedures on which they may be based, at any time without advance notice. However, CHDC will attempt to provide reasonable advance notice of any major policy changes, which significantly impact employees' benefits.

## **Equal Employment Opportunity**

### **1.0 Equal Employment Opportunity**

The CHDC is an equal opportunity employer and provider, and recognizes the importance of having a diverse workforce that generally reflects the diversity of the community. Our long-standing policy is to recognize the dignity of the individual and ensure fair and impartial treatment in all of our employment actions without regard to race, color, ancestry, religious belief, sex, sexual orientation, national origin, age, disability, marital status, military service status, or any other characteristic protected by law or regulation. Employment actions include hiring, compensation, benefits, promotions, training, work assignments, transfers, layoffs, re-hires, and all other terms and conditions of employment.

Any employee who believes that he or she has been subjected to discriminatory treatment should refer to the complaint procedures set forth in the Prevention of Harassment section below.



## Work Environment at CHDC

### 2.0 Prevention of Harassment

CHDC is committed to providing a work environment that is free of wrongful discrimination and harassment, including sexual harassment. CHDC strictly prohibits harassment on the basis of race, color, religion, national origin, age, disability, medical condition, marital status, military service status, sex, gender, sexual orientation or any other characteristic protected by law or regulation. This policy extends to all employees, volunteers, clients, vendors, visitors, and independent contractors.

CHDC's policy prohibits behavior that would constitute harassment under applicable laws, but also prohibits behavior that is unwelcome physical, verbal, or non-verbal conduct that is personally intimidating, hostile or offensive (whether or not it would be a legal violation). Examples of verbal harassment include threats, offensive jokes or slurs. Physical harassment may include such things as impeding or blocking movement, unwelcome physical contact, or physical interference with normal work. Nonverbal harassment may include offensive or obscene photographs or pictures, gestures or displays that degrade or humiliate another in a sexual manner or otherwise based on the individual's protected characteristics. If an employee's behavior is harassing, intimidating or disrespectful but is not based upon an individual's protected class or characteristic, it may be considered a violation of this policy if it interferes with an employee's work or creates an abusive working environment.

This policy applies regardless of where the behavior or incident occurs, whether or not the incident occurs on premises owned, operated, or leased by CHDC and whether or not it occurs during working hours.

There are several reporting options for employees who believe that they have been or are the being harassed or who believe that another employee has been so treated. However, it is crucial that the behavior is reported so that CHDC can take necessary steps to investigate and take remedial action. The reporting options are:

- If the employee feels comfortable doing so, immediately let the person know that his or her behavior is unwanted or inappropriate.
- If the employee does not feel comfortable doing so, he or she may inform his or her direct supervisor or manager, the Deputy Director, the Executive Director, Human Resources or any Executive Committee member of CHDC's Board of Directors. Employees may also raise concerns with any federal or state agency responsible for handling discrimination and harassment complaints (the Equal Employment Opportunity Commission or the California Department of Fair Employment and Housing) and/or a legal representative.

Upon notice of an employee's concern or complaint or based on any observation of inappropriate behavior that may violate this policy, supervisors are to immediately report

it to Human Resources, the Deputy Director or Executive Director so that it can be addressed.

Upon notification to a supervisor, Human Resources, the Deputy Director, the Executive Director or the Executive Committee of the Board of Directors, CHDC will immediately conduct an impartial investigation. Complaints and concerns are kept as confidential as possible under the circumstances of each matter. All employees who are pertinent to the investigation are required to cooperate. Written statements may be required as part of an investigation.

If the organization determines that this policy was violated, it will take remedial action consistent with the severity of the offense, which may include disciplinary action, up to and including termination of employment

Retaliation of any kind will not be tolerated against any individual for raising a complaint or concern or against any employee who participates in an investigation.

## **2.1 Disabilities and Job Accommodations**

CHDC is committed to treating all employees, applicants for employment, and clients with sensitivity and respect, regardless of physical or mental disability, consistent with legal obligations, such as the Americans with Disabilities Act and related state of California and federal laws. Office locations are designed to be accessible by all individuals with disabilities, including employees, applicants, volunteers, visitors, consultants and clients.

CHDC provides reasonable accommodations for qualified individuals with disabilities to use facilities, for applicants to complete the employment application process, and for employees to perform the essential functions of their jobs. Employees who believe they need an accommodation to perform their job are to notify their manager or the Executive Director. CHDC will need to determine what accommodation, if any, is reasonable, which includes whether it will cause undue hardship to the organization. To make this determination, we will obtain input from the employee or applicant as to what they believe is a reasonable accommodation. We will engage in a dialogue with them as we look at various alternatives. We will usually need medical certification regarding the disability and recommended accommodations, for example, when there is a job-related reason for this information and the disability (or the extent of the disability) is not obvious. All communications with an employee's or applicant's health care provider regarding medical issues will be authorized by them, and will be maintained in a confidential manner.

In certain situations, usually to determine if the employee can perform the essential job functions or for the safety of the employee or others, a medical (or fitness for duty) examination may be required. These examinations are conducted for job-related reasons, consistent with our business necessity. Employees are generally provided time off to undergo such an examination.

## **2.2 Open Door**

CHDC maintains an open door policy. The open door policy offers employees, volunteers, and consultants an opportunity to interact with management openly and in confidence, without fear of repercussion, to express concerns, opinions, suggestions and comments and to resolve a challenge. Employees are encouraged to make suggestions to their supervisor, Human Resources, the Deputy Director or the Executive Director. Employee concerns are addressed in as timely and confidential manner as possible.

## Policies and Procedures

### 3.0 Organizational Structure

The Board of Directors of CHDC is responsible for establishing operational policies and employing the Executive Director. The Executive Director is responsible for administering the policies and reports to the Board of Directors. The staff of CHDC is accountable to the Executive Director.

### 3.1 Employment At Will

CHDC employs all employees on an "at will" basis. This means that CHDC may terminate or change the terms and conditions of employment of any employee at any time, with or without notice or cause. Likewise, employees may resign their employment at any time, for any reason, without notice. This status may not be altered by oral statements, longevity of employment, performance reviews, promotions, salary adjustments, or application of disciplinary measures, if any.

No representative of CHDC, other than the President of the Board of Directors, has authority to change the "at-will" employment status of any employee, which is only effective if it is in writing.

### 3.2 Standards of Conduct

CHDC tries to foster an environment of cooperation and teamwork to maximize each employee's job performance.

Employees are expected to conscientiously perform their duties, respond readily to the direction of their supervisor, and conduct their relations with fellow employees in a manner which does not cause dissension or discord. In the event that employees are not adequately performing their job duties, or otherwise complying with the Standards of Conduct, CHDC may initiate a performance improvement plan, when warranted by the circumstances of each matter, although CHDC reserves the right to terminate employees at will. The following guidelines describe unacceptable conduct and behavior that may result in performance management, discipline, termination or immediate termination, depending on the circumstances. They are not meant to be all-inclusive, and other circumstances may arise requiring the discipline and/or immediate termination of an employee.

- Any act which might endanger the safety or lives of others, or the violation of any safety rule, including engaging in acts of violence, fighting, or threats of violence toward persons employed or associated with CHDC, lawful or unlawful possession of weapons, explosives or other dangerous or toxic chemicals on company premises; unauthorized possession, use, sale and/or consumption of alcohol or non-prescribed drugs on CHDC premises and/or

while working, being under the influence of such substances while working; or behavior that interferes with discipline and efficiency.

- Excessive tardiness, absenteeism, failure to observe or abuse of meal or rest breaks, failure to adhere to work schedules or failure to receive authorization to leave work during normal work hours;
- Actions or conduct which jeopardize or violate CHDC's equal employment opportunity and/or harassment prevention policy, including conduct that implicitly or explicitly interferes with the work performance of others or creates an environment which is discriminatory, offensive, intimidating or harassing.
- Destroying, damaging, defacing, sabotaging or theft of CHDC records, tools, property, or equipment.
- Unsatisfactory job performance, failure to meet the established performance standards or interfering with another's performance.
- Violation of any CHDC rules, standards, or practices.
- Actions which represent a conflict of interest with your duties.
- Actions which are dishonest or fraudulent.
- Actions which jeopardize or violate the confidentiality guidelines.
- Falsification, misrepresentation, alteration or destruction of any company records or property.
- Any other conduct which CHDC deems detrimental to the interests of CHDC.

Conduct that is not listed, but that is unprofessional or potentially embarrassing, adversely affects or is otherwise detrimental to CHDC's interests, or the interests of its customers, clients or the public, may also result in disciplinary action, up to and including immediate termination. Nothing in this section alters the employment at will relationship between you and CHDC.

### **3.3 Hiring and Recruiting**

All applications for employment must be in writing and include the position for which the individual is seeking employment. All requests to recruit must be approved, at a minimum, by the Executive Director before recruitment is initiated. Recruitment activity is contingent upon appropriate funding. The Executive Director (or his/her designee) appoints new hires (or re-employed employees.)

### **3.4 Eligibility to Work in the U.S.**

Under federal law, all new hires must produce original documentation and complete a form establishing their identity and eligibility to work in the United States. Documentation must be produced to Human Resources within three business days of hire, or on the first day of any employment that is less than three business days. Employees must be eligible to work throughout their employment.

### **3.5 Personnel Files**

CHDC maintains a personnel file for each employee. These records are confidential and the property of CHDC. While actively employed, employees may review their file (at reasonable intervals and with reasonable advance written notice) by scheduling an appointment to do so with Human Resources. Employees may request copies of any employment related documents that they have signed.

Although CHDC keeps these files private, it may be obligated to disclose information to persons outside the organization, such as, to respond to a subpoena or court order, to comply with governmental agencies as part of an investigation, to administer employee benefit plans, or to facilitate emergency situations. Whenever possible, CHDC will try to keep this information restricted.

Employees are responsible for ensuring that their personal information is accurate and current. Employees must notify the HR representative of changes including name, address, marital status, beneficiaries, persons to contact in an emergency, and continuing education and training courses.

### **3.6 Protection of Confidential Information**

The security of CHDC's property is of vital importance. CHDC property includes not only tangible property, like desks, keys, tools and computers, but also intangible property such as information and data. All employees share the responsibility to ensure that proper security of CHDC property and private – or confidential – information is maintained at all times.

All employees, consultants, volunteers and contractors are required to abide by the terms of this policy. Confidential Information means any CHDC proprietary information, technical data, trade secrets or know-how, including, but not limited to, research, plans, services, supplier lists, client lists, client financial and/or personal information (including, but not limited to, clients of CHDC on whom employees have had contact or with whom they became acquainted during the term of their employment), names and expertise of employees and consultants, software, developments, inventions, processes, formulas, technology, designs, drawings, hardware configuration information, marketing, finances, other business information or any and all Human Resources data, including but not limited to any job performance, compensation, benefits, personal financial or private health information of any current or former employee disclosed to employees by the CHDC either directly or indirectly. Confidential Information does not include any of the foregoing items that have become publicly known and made generally available through no wrongful inadvertent or accidental act of employees or others who were under confidentiality obligations as to the item or items involved.

Employees, consultants, volunteers and contractors must have written authorization to review or otherwise access client records.

At all times during an employee's employment with CHDC, and after that employment relationships ends (whether voluntarily or involuntarily), employees are expected to keep

in strictest confidence and trust all Confidential Information, and to not directly or indirectly disclose, use, rely on or induce, or assist in the use or disclosure of any Confidential Information without CHDC's prior express written consent, except as may be necessary in the ordinary course of performing duties on behalf of CHDC. This includes but is not limited to, soliciting any of CHDC's current clients, service providers or government agencies, inducing or encouraging such clients or entities to cease doing business with CHDC or taking away business from CHDC,

Employees must promptly notify their manager if they know or believe that CHDC's Confidential Information has been released or compromised in an unauthorized manner. Employees must take reasonable measures to prevent unauthorized persons or entities from having access to, obtaining, or being furnished with any Confidential Information.

Any violation of this policy may result in immediate termination of employment or, in the case of volunteers, consultants or contractors, termination of service agreements.

### **3.7 Public Relations**

Employees share the responsibility for maintaining good public relations. Employees must not release information about CHDC (activities, staff or clients) to the media. All inquiries from the media must be referred to the Executive Director.

Employees must obtain approval from the Executive Director prior to making a public statement involving CHDC, its staff or clients, including, but not limited to, participation on panels, presentation papers, speech making, and participation in political activities.

### **3.8 Avoiding Conflicts of Interest**

Employees are expected to devote their best efforts and attention to the performance of their jobs. Employees are expected to use good judgment, to adhere to high ethical standards, and to avoid situations that create an actual or potential conflict between the employee's personal interests and the interests of CHDC. A conflict of interest exists when the employee's loyalties or actions are divided between CHDC's interests and those of another, such as a competitor, vendor, supplier, or customer. Both the fact and the appearance of a conflict of interest must be avoided. Employees unsure as to whether a certain transaction, activity, or relationship constitutes a conflict of interest should discuss it with the Executive Director for clarification. Any exceptions to this guideline must be approved in writing by the Executive Director.

This guideline does not attempt to describe all possible conflicts of interest that could develop. Some of the more common conflicts from which employees should refrain, however, include the following:

- Accepting personal gifts or entertainment from competitors, customers, vendors, government agency employees, government agencies, suppliers, potential suppliers or persons receiving benefits or services under any program financially

assisted by the Office of Economic Opportunity. This also includes gifts received by members of an employee's immediate family, consultants, and volunteers.

- Working for a competitor, supplier, or customer.
- Engaging in self-employment in competition with CHDC.
- Engaging in outside employment, consulting, volunteer work, speaking engagements or work of any kind which interferes with the employee's employment duties and responsibilities at CHDC.
- Using proprietary or confidential CHDC information for personal gain or to CHDC's detriment.
- Acquiring any interest in property or assets of any kind for the purpose of selling or leasing it to CHDC.
- Committing CHDC to give its financial or other support to any outside activity or organization, without express authorization.
- Engaging in or having a close, personal relationship with a direct report employee of CHDC that might interfere with the exercise of impartial judgment in decisions affecting CHDC or any employees of CHDC or otherwise create a security or morale issue.
- Engaging in the development, real estate brokerage, or any other activities that may be interpreted as a conflict of interest with the program without prior written disclosure and prior written approval by the Executive Director.
- Offering employment at CHDC as a consideration or reward for the political support of any political party or candidate for public office, or engaging in partisan political activity as part of their job with CHDC.

Honoraria received by employees for presentations or speaking engagements relating to CHDC and its programs are not considered to be gifts for purposes of this conflict of interest policy.

If an employee or someone with whom an employee has a close relationship (a family member or close companion) has a financial or employment relationship with a competitor, customer, vendor, supplier, or potential supplier, the employee must disclose this fact in writing to the Executive Director. Employees should be aware that if they enter into a personal relationship with a subordinate employee or with an employee of a competitor, supplier, or customer, a conflict of interest might exist that requires full disclosure to CHDC.

Failure to adhere to this guideline, including failure to disclose any conflicts or to seek an exception, may result in discipline, up to and including termination of employment.

### **3.9 Ethical Behavior and Reporting**

CHDC's reputation for integrity and excellence requires careful observance of the spirit and letter of all applicable laws and regulations, as well as a scrupulous regard for the highest standards of conduct and personal integrity.

CHDC will comply with all applicable laws and regulations and expects all of its



employees to conduct business in accordance with the letter, spirit, and intent of all relevant laws by refraining from any illegal, dishonest, or compromising unethical conduct.

If a situation arises where it is difficult to determine the proper course of action, you should immediately seek advice and counsel from your manager and, if that person is not available, consult with another manager, the Deputy Director or Director.

Compliance with this policy of business ethics and conduct is the responsibility of every CHDC employee. Disregarding or failing to comply with this standard of business ethics and conduct may lead to disciplinary action, up to and including possible termination of employment.

In order for CHDC to address and resolve any potential areas of concern, it needs to be informed. Therefore, employees may raise concerns related to known or suspected illegal or unethical activities that might cause harm to the company, its employees or clients with their manager or supervisor, the Deputy Director or Director, Human Resources or any member of the Board of Directors. Any of these individuals will help evaluate your situation or concern, offer advice, if appropriate, and report the issue to Human Resources so that a reasonable investigation can be conducted. The matter will be kept as confidential as possible, meaning that the issue will be relayed only to those with a need to know.

Any potential violations of CHDC's harassment prevention or equal employment opportunity policies are to be reported to Human Resources so that the matter can be investigated and resolved.

CHDC strictly prohibits retaliation against any employee for providing information, participating in an investigation, reporting suspected illegal or unethical activities, or raising a complaint regarding conduct by the organization that the employee reasonably believes constitutes a legal violation or violation of the company's policies regarding ethical conduct.

### **3.10 Use of Facilities & Property**

CHDC provides work areas, work stations, equipment, tools and various Technology Resources to assist employees in performing their jobs. Technology Resources consist of all electronic devices, software, and means of electronic communication including computers, printers, fax machines, copiers, computer software applications, internet access, electronic mail, telephones, cellular phones, pagers, handheld devices such as personal digital assistants (PDA), and voicemail systems.

Each employee has a responsibility to safely and appropriately use CHDC's property in a manner that increases productivity, enhances CHDC's public image, and is respectful of other employees. Employees have no expectation of privacy in their use of any CHDC property, including Technology Resources.

CHDC's property and Technology Resources are to be used only for the purpose of conducting the business of CHDC. Employees may, however, use CHDC's Technology Resources for incidental personal uses so long as such use does not interfere with their duties, is not done for personal financial gain, does not conflict with the CHDC's business, and does not violate any CHDC policy.

On an occasional basis, employees may need to use a personal cellular telephone to make calls while in the workplace. Employees are expected to do so without disrupting or disturbing your co-workers or the workplace. If possible, calls should be made from a private location. Excessive use of personal cellular telephones or other telecommunication devices will be handled as a job performance issue.

Telephones with camera and video capabilities are not permitted to be used on CHDC premises. Employees are not to photograph or videotape anything on CHDC's premises or that of the properties upon which it is providing services, clients, other employees, or any CHDC property or data without express written permission to do so.

In order to protect the safety and security of the workplace and to ensure efficient service, it may be necessary for CHDC to monitor or inspect an employee's work, work area, mail, and desk. In some cases, for customer service reasons, telephone calls and work on a computer may be monitored. CHDC's Technology Resources, including its computers, voice mail and e-mail, are accessible at all times by CHDC and may be subject to periodic, unannounced inspections by authorized representatives of CHDC for business purposes.

Employees are expected to use their discretion and good judgment in transmitting sensitive materials in the most secure manner possible, which may mean using written memoranda or personal conversation. Employees are also expected to protect proprietary and confidential information by not disclosing their password(s) to anyone, other than an authorized employee.

CHDC recognizes that electronic communications are sometimes treated less formally than other types of communications and, as such, may have a greater potential for miscommunication than verbal communication. Employees using the internet, intranet, electronic mail or other electronic media at work or for CHDC business are expected to adhere to the usual principles of business communications by keeping them professional and respectful. Communications must not be transmitted in any manner, which reasonably could cause the recipient distress, embarrassment, unwarranted attention, or harassment, including personal attacks or vulgar, abusive, offensive or inflammatory language or images. Electronic mail communications may not be made anonymously for any improper reasons. Impersonation, misrepresentation, or unauthorized disclosures by an individual claiming to be acting in an official capacity is prohibited.

Because even a routine search for CHDC property might result in the discovery of an employee's personal possessions, all employees are encouraged to refrain from bringing

into the workplace any item of personal property that they do not wish to reveal to the Center. Employees have no right of privacy to any personal items kept, stored, or maintained on CHDC premises, CHDC property, or CHDC equipment of any kind.

To provide a safe and secure workplace, CHDC reserves the right to inspect and search an employee's person or possessions, such as pockets, purse, briefcase, or other items of personal property that are being worn or carried by the employee when it has reasonable suspicion to do so. In such cases, the employee will be requested to conduct a self-search (i.e., by turning out or emptying pockets, purses, etc.) in the presence of an observer who will be a person of the same gender, to the extent feasible.

Employees who refuse to cooperate during an inspection or search will not be forcibly detained or searched. However, CHDC will base any disciplinary decision on the information that is available, and failure or refusal to cooperate could deprive CHDC of information that may clear an employee of suspicion.

### **3.11 Internet Posting, Blogging and Social Computing Guidelines**

Given the rise in communicating via the internet in various ways, CHDC provides the following guidelines to employees. All employees must comply at all times with the Confidentiality policy, whether on or off the job, and regardless of the type or medium of communication used (including but not limited to conversation, written documents, internet postings, chat room communications and the like). Specifically, employees must not disclose any confidential or proprietary information without prior authorization. Employees must not disparage or defame any other CHDC employee or CHDC or its services.

On their own non-work time and using their own personal technology, employees may choose to communicate electronically regarding their personal business and beliefs by writing or responding to blogs, text messages or emails, or they may have personal websites or use social networking websites. CHDC expects that these communications are personal in nature. Employees who wish to identify themselves in such communications as CHDC employees may only do so if they specifically state that the information provided or the views expressed are personal and not CHDC's information or views – unless CHDC has previously authorized such communications. Similarly, employees may not use CHDC's logo on or with any electronic communications unless it relates to a business communication and authorization has been obtained. As noted above, CHDC prohibits the use of its property for personal purposes.

### **3.12 Children & Visitors**

CHDC is not responsible for the safety or security of any children or other individuals who are visiting employees on CHDC premises. Their access to employee working areas is not permitted unless approved by management.

### **3.13 Professional Appearance**

Employees are to use good judgment in the attire that they wear to work. They should always dress in a professional manner that reflects positively on CHDC.

The following may not be worn while on duty:

- Short shorts or mini-skirts (hemlines more than one inch above the knee).
- Any clothing or shoes with frayed or torn edges, holes, ripped or torn jeans and other clothing.
- Any type of leggings or body stocking;
- Sheer or transparent clothing;
- Sleep wear or lounge wear;
- Midriff blouses, halters, or tube tops (any upper body covering exposing cleavage in the front or the skin of the back or breast under the armpit);
- Headgear (unless worn for medical reasons);
- Bicycle pants;
- Provocative clothing (plunging necklines, extremely tight, form-fitting or hugging slacks, shirts, pants, sweater, blouses, shorts).

CHDC will reasonably accommodate employees whose religion or national origin may require dress or attire, which would otherwise be inconsistent with this policy.

### **3.14 Separation from Employment**

CHDC follows applicable legal regulations regarding final pay for employees. Employees who provide more than 3 business days notice of resignation and those that are subject to company-initiated separation will be paid their final pay and accrued vacation leave on their last day of employment. Otherwise, employees will receive their final pay in accordance with legal requirements.

If employees are rehired by CHDC within 30 calendar days of separation, their prior sick leave credits will be restored.

CHDC's property (e.g., keys, equipment, identification cards, electronic data, etc.) must be returned to the immediate supervisor before issuance of final paycheck.

### **3.15 Exit Interviews**

Employees are requested to complete an *Exit Interview Questionnaire* upon separation, which will be provided. This questionnaire provides employees the opportunity to communicate about their work with CHDC.

## Health, Safety & Security

### 4.0 Health, Safety & Security

Safety is everybody's business. Safety is to be given primary importance in every aspect of planning and performing all CHDC activities. CHDC wants to protect employees against industrial injury and illness, as well as minimize the potential loss of production. Equipment, facilities, and work procedures are designed, installed, and developed for the safety of each employee, client, member, volunteer, and visitor to CHDC.

CHDC's Injury and Illness Prevention Program (IIPP) is designed for this purpose and provides important safety rules and procedures. The IIPP is maintained by Human Resources.

Employees are encouraged to raise concerns and to make suggestions about safety issues to their manager, Human Resources, the Executive Director or any member of the Board of Directors. Safety concerns or questions may be made anonymously to Human Resources. Retaliation of any kind will not be tolerated against any individual for raising a complaint or concern or against any individual who participates in an investigation.

The following are general safety rules:

- Avoid overloading electrical outlets with too many machines.
- Use flammable items, such as cleaning fluids, with caution.
- Walk, don't run.
- Report work-related injuries or illnesses (see §4.2).
- Ask for assistance when lifting heavy objects or moving heavy furniture.
- Keep cabinet doors and file and desk drawers closed when not in use.
- Sit firmly and squarely on chairs that roll or tilt.
- Avoid horseplay or practical jokes.
- Start work on any machine only after safety procedures and requirements have been explained.
- Avoid working alone after normal office hours. Work-related events occurring in the evening should be attended by at least two employees.

Employees who are required to drive for CHDC business must maintain a valid driver's license at all times and will be required to show proof of a valid driver's license prior to the first day of employment as well as upon request. Employees must also show proof of current adequate insurance coverage. Employees must inform their manager when their driver's license has been suspended or revoked or if there is a loss of insurance coverage.

CHDC retains the right to transfer, suspend or terminate an employee whose license is revoked, who fails to maintain insurance coverage, who is uninsurable under the company's policy, or who fails to maintain an acceptable driving record.

CHDC does not expect and prohibits employees from using a cell phone, PDA or any

wireless device to conduct business while driving. This includes reading or sending email or text messages or making and receiving calls during non-work hours or during their regular commute. In the event of an emergency, any call or message must be placed with a hands-free cellular telephone device according to California law. This includes personal and work calls. If a hands-free device is not available, employees may only make a call or send a message while driving for emergency purposes to a law enforcement agency, health care provider, fire department, or other emergency services agency or entity, according to the law.

However, regardless of the circumstances, including slow or stopped traffic, employees are required to pull off to the side of the road and safely stop the vehicle before placing or accepting a call or message, refrain from discussion of complicated or emotional matters and keep their eyes on the road. Special care should be taken in situations where there is traffic, inclement weather or the employee is driving in an unfamiliar area.

#### **4.1 Smoke-Free Workplace**

CHDC is a smoke-free facility. Smoking is not permitted in any of the buildings owned, operated, or leased by CHDC. Violation of this policy may result in termination of employment.

Smoking is permitted outside the facility in a designated area and smokers are required to dispose of their smoking devices appropriately.

#### **4.2 On-The-Job Injuries and Illnesses**

CHDC is committed to preventing accidents and workplace injuries and has a comprehensive program to handle work-related injuries. Employees who witness any medical emergency on-the-job should call "911" immediately. Employees who are injured on-the-job or suffer a work-related illness must report it immediately to their supervisor, a Director or Human Resources.

Employees will either be provided with a claim form or obtain the necessary information to complete the claim process. This claim information must be reported to CHDC's workers' compensation insurance carrier within 24 hours of most injuries and illnesses. Unless there is an emergency, employees will be directed to the Kaiser industrial injury clinic for treatment.

Workers' compensation insurance benefits cover eligible work-related injuries and illnesses. In the event that a work-related injury or illness requires time off from work on an occasional or sporadic basis for treatment, employees are to notify their supervisor and the Executive Director in advance and schedule appointments consistent with business needs. If the injury or illness requires an extended period of time off (e.g., more than 5 consecutive work days), a Workers' Compensation Leave of Absence may be taken. For further information, see below.

### **4.3 Workplace Violence Prevention**

CHDC is committed to providing a safe, violence-free workplace. CHDC strictly prohibits employees, consultants, contractors, clients, visitors, volunteers or anyone else on CHDC premises (including premises of CHDC projects) or engaging in a CHDC-related activity from behaving in a violent or threatening manner.

Disciplinary action, medical evaluation, mandatory referral to a mental health professional will occur and/or employment may be terminated for striking or otherwise assaulting another person; fighting or challenging another person to a fight; engaging in dangerous, threatening or unwelcome horseplay; bringing a gun, knife, explosive or other weapon or dangerous substance to work or to a work-sponsored event; threatening to harm another person in any way; or engaging in any activity that causes or may cause an unsafe work environment. Jokes about weapons, violence or the threat of violence are considered serious in the workplace and will not be tolerated.

Employees who believe they are the victim of threatening behavior, harassment, or other violence or threat of violence, or are witness to this behavior, must report it immediately to their direct manager, a Director or Human Resources. If there is an emergency situation, contact the local police department immediately. Employees must notify Human Resources if any restraining order is in effect, or if a potentially violent non-work-related situation exists that could result in violence in the workplace.

CHDC will conduct an investigation into all complaints or reports of violence, threats or other conduct that endangers the safety and security of others in the workplace. Employees are expected to cooperate in any investigation. Depending on the particular circumstances, violence prevention specialists may conduct on-site investigations and make recommendations. Based on the results of the investigation, CHDC will take appropriate action to ensure workplace safety, which may include corrective action, mandatory psychological counseling, disciplinary action, suspension or termination. With regard to violations of this policy by non-employees, CHDC will take appropriate corrective action. CHDC may also obtain a temporary restraining order as warranted, and take any other necessary steps, such as increased security personnel or other precautions.

Retaliation of any kind will not be tolerated against any individual for raising a complaint or concern or against any individual who participates in an investigation. If employees feel that they are being or have been retaliated against, they should inform their direct manager, a Director or Human Resources immediately.

Non-employees engaged in violent acts on premises owned, operated, or leased by CHDC will be reported to the proper authorities.

## Compensation and Payroll

### 5.0 Job Classifications

Federal and state laws require CHDC to classify jobs as overtime eligible or not and to pay employees in those jobs accordingly. Depending on the job responsibilities and applicable regulations, jobs are classified as either **Exempt** from overtime pay requirements (i.e., not eligible for overtime premium pay) or **Nonexempt** (i.e., eligible for overtime premium pay).

Jobs are further classified as Full-Time (regularly scheduled to work 40 hours per week), Part-Time (regularly scheduled to work less than 40 hours per week), or Temporary (positions on a specific assignment or project basis to be completed within a specified period of time). CHDC also has certain service providers, such as volunteers, consultants and contractors, who are not employees.

### 5.1 Work Schedules

CHDC's regular office hours are Monday through Friday from 8:30 a.m. to 5:00 p.m. and most employees are scheduled to work during that time frame. Work schedules are based on department or office functions and individual job responsibilities, which may vary between departments and employees. All schedules are subject to change and require a manager's approval. Full-time employees are expected to work forty (40) hours per week. Part-time employees work according to their pre-arranged schedules.

### 5.2 Pay Periods and Paydays

For payroll purposes, the work week is a fixed, seven-day period that begins at 12:01 a.m. each Monday and ends at 12:00 a.m. each Sunday.

Employees are paid on a bi-weekly basis. The pay period consists of two weeks, beginning on a Monday and ending on Sunday of the following week. Paydays are on the Wednesday following the end of the pay period. There are 26 pay periods per calendar year. If a payday falls on a holiday, paychecks are available the day before the holiday.

### 5.3 Paychecks and Deductions

Paychecks may be picked up from your immediate supervisor or mailed to your home. When employees are absent on a payday, their paycheck will be held until they return to work unless they have provided written authorization for another person to pick up the check.

CHDC does not cash checks for employees or provide or authorize advance salary payments.



The paycheck stub shows the employee's gross earnings, as well as all mandatory and authorized deductions. All deductions are either required by law or are those that employees have authorized.

Employees are required to immediately report any errors on their paycheck to their immediate supervisor.

#### **5.4 Timekeeping and Time Off Records**

Time sheets are used to record time worked and time off. Employees must complete and submit a time sheet for each pay period by the last day of the pay period to their immediate supervisor for approval.

If an employee fails to record their actual work time, or there is any error with their time, notify Human Resources or a Director immediately. Falsifying time entries or recording time entries for other employees is strictly prohibited and may result in disciplinary action, up to and including termination of employment.

#### **5.5 Overtime Premium Pay**

When operating requirements or other needs cannot be met during regular working hours, nonexempt employees may be scheduled to work overtime. When this is required, employees will be notified in advance, unless it is an emergency. All overtime work must be authorized in advance by an employee's immediate supervisor or the Executive Director. Working overtime without prior authorization may result in disciplinary action.

Nonexempt employees will be paid 1.5 times their regular hourly rate for all hours worked in excess of 40 in a workweek or in excess of eight hours in a workday or for the first eight hours worked on the seventh consecutive day of a workweek and will be paid two times their regular hourly rate for all hours worked over twelve in a workday or over eight hours on the seventh consecutive day of a workweek, and as otherwise required by applicable state and federal law.

#### **5.6 Meal and Rest Periods**

All employees are encouraged to pause during the workday to rest and give eyes, hands, mouth, and ears a break. Nonexempt employees are required to take a paid fifteen (15) minute break during each four (4) hour block of work. Nonexempt employees must also take a half-hour paid lunch break and have the option of taking an additional unpaid half-hour. We ask that all employees coordinate lunch and rest breaks with coworkers to ensure adequate coverage for all functions.

#### **5.7 Make-up Time**

Nonexempt employees may make up work time that is or would be lost as a result of personal obligations if the time is made up during the same workweek in which the work time is lost. To do so, employees must obtain pre-approval in writing from their

supervisor. If make-up time results in a work shift of up to 11 hours, employees will not be paid overtime premium pay for this shift, unless they work more than 40 hours in the workweek.

## **5.8 Wage Garnishment**

CHDC is required to comply with court orders for wage garnishment, which reduces an employee's take-home pay.

## **5.9 Compensation Policy**

There is an established salary range for each job classification based on the duties, responsibilities, knowledge, and skills required of the position, which allows an employee to progress, based upon job performance. CHDC's job classification system provides differentials among positions of varying responsibilities. Salary ranges are based on these differences.

CHDC adheres to the following compensation principles:

- Salaries should be comparable to other non-profit organizations in Contra Costa County Metropolitan areas for similar work;
- There should be adequate compensation progression on the basis of merit; and
- Equal pay for equal work.

## **5.10 Pay Increases**

Subject to funding limitations, when employees are promoted, they receive a salary increase at one step higher than their present salary level.

Subject to funding, a merit increase may be granted. Employees must have received a satisfactory (or higher) rating on the last evaluation to be eligible for a merit increase. Employees receiving an unsatisfactory evaluation rating on the last evaluation are not eligible to receive a merit increase. A promoted employee is not eligible for a merit increase until the end of one year from the date of promotion.

A cost of living pay adjustment (COLA) may be granted for employees on the basis of approval and funding from funding agencies. Cost of living increases are determined annually.

The Executive Director authorizes COLA payments and merit increases.

## Time Off

### 6.0 Holidays

CHDC observes the following holidays:

- New Year's Day
- Martin Luther King's Birthday
- President's Day
- Memorial Day
- Independence Day
- Labor Day
- Veterans Day
- Thanksgiving Day
- Christmas Day

Holidays that fall on a Saturday are observed the Friday immediately before the holiday. Holidays falling on a Sunday are observed the following Monday.

To be paid for a CHDC holiday, employees must be regularly scheduled to work on the day in which an observed holiday occurs. Employees will be paid their regular base pay for the holiday according to the regularly scheduled hours they would have worked that day. Employees who are on leaves of absence during a holiday are not paid for that day.

### 6.1 Vacation Leave

Full-time employees accrue vacation leave as follows:

Length of Employment	Vacation Accrual Rate Per 12-Month Period*	Maximum Accrual Cap
Date of hire to end of 1 <sup>st</sup> year	10 days (accrued at the rate of 10/12 of one day for each full month of active employment)	15 days
Year 2 to end of 4 <sup>th</sup> year	12 days (accrued at the rate of one day for each full month)	18 days
Year 5 and beyond	15 days (accrued at the rate of 1.25 days for each full month)	22.5 days

\*Part-time employees who regularly work at least 20 hours per week accrue vacation credits on a pro-rata basis. No other classification of employees earn vacation time.

Vacation credits continue to accrue, up to a maximum of 1.5 times the employee's annual vacation accrual rate. Once the maximum accrual is reached, no further vacation credits will accrue until some of the credits are used.

Vacation time may be taken after employees have been employed for 180 days. For scheduling and planning purposes, all employees must provide reasonable advance notice of their request for vacation time, which must be pre-approved by the Department Head and Executive Director or Deputy Director. Employees are also expected to inform their immediate supervisor of their vacation requests sufficiently in advance to assure that their responsibilities are properly carried out during their absence.

Upon termination of employment, employees are paid all accrued and unused vacation.

Vacation credits do not accrue while employees are taking a leave of absence or are otherwise on unpaid status. A company holiday that falls during a vacation period will be treated as a holiday and not as a day of vacation taken.

## **6.2 Sick Leave**

Full-time employees accrue paid sick leave credits at the rate of one (1) day per month of employment, up to a maximum of 21 days. Part-time employees accrue sick leave credits on a pro rata basis. Subject to proper notification and medical certification, Sick leave may be used in the event of an employee's own illness or injury, or that of an immediate family member. "Family member" includes a parent, child, spouse, registered domestic partner or child of a registered domestic partner.

Employees must notify their supervisor or Department Head reasonably in advance of any scheduled medical appointments including the specific date and time of the appointment. Employees may be required to provide a medical provider note for each appointment indicating the date and time of the appointment.

For emergency situations, where advance notice is not possible, employees must call into their supervisor or Department Head if their supervisor is not available, at least one (1) hour before their regular work schedule would begin. Emergency situations are those where an employee or family member experiences a sudden onset of a medical condition, a flare-up of an on-going medical condition, or an accident or other unexpected occurrence.

For absences that are three (3) consecutive scheduled work days or longer, employees must provide medical certification to Human Resources that indicates specifically that the employee is unable to work on the dates in question, the dates and times of any and all medical appointments or treatments, a return to work date and any work restrictions. If an employee's or family member's illness is expected to last more than three working days, employees must contact Human Resources, who will determine if a leave of absence is appropriate.

Up to six days per year of earned sick leave credits that are used to care for a family member illness will not be subject to discipline or performance management. Employees should notify their immediate supervisor when sick leave is used for family illness purposes.

Unused sick leave credits are not paid out upon termination.

### **6.3 Personal Days**

Full-time employees may accrue up to two (2) Personal Days each calendar year. Part-time employees who regularly work at least 20 hours per week may accrue such Personal Days on a pro-rata basis. These days may be taken for religious holidays or other personal occasions. Accrued and unused Personal Days can be carried over at the end of the year, but once the maximum accrual is reached, no further Personal Days will accrue until some of the credits are used.

For scheduling and planning purposes, all employees must provide reasonable advance notice of their request for Personal Days, which must be pre-approved by their Department Head and the Executive Director or Deputy Director. Personal Days must be taken in full-day units and not hourly increments.

### **6.4 Administrative Days**

Upon completing one continuous year of employment, overtime exempt employees accrue a maximum of five (5) paid administrative days which may be used during the following 12-month period. If the five days are taken during that period, the employee will accrue another five days at the conclusion of the following year of service. If less than five days are taken, then the unused administrative days can be carried over at the end of each 12-month period, and the employee would accrue up to the maximum accrual. If an employee has the accrued maximum at the end of the year, no further days will accrue until some of the credits are used.

For scheduling and planning purposes, employees must provide reasonable advance notice of their request for administrative days, which must be pre-approved by their Department Head and the Executive Director or Deputy Director. Administrative days must be taken in full-day units and not hourly increments.

### **6.5 Bereavement**

It is the policy of CHDC to grant up to four (4) workdays of paid time off in the event of the death of an immediate family member. An immediate family member for this policy includes: spouses, registered domestic partners, siblings, children, in-laws, and grandparents.

### **6.6 Voting Time Off**

With at least two days' notice before a statewide Election Day, employees may take up to two hours with pay to vote. These two hours must be at the beginning or end of the normal workday to reduce the interruption to the work schedule.

## **6.7 Jury Duty/Witness Duty/Court Hearings**

CHDC recognizes and supports all employees' civic responsibilities associated with jury and witness duty. Full-time employees receive their regular pay while serving on a jury. Employees may use their accrued Vacation Leave during time off to appear as a witness in court in a non-official (non-job related) capacity pursuant to a subpoena. If an employee is a victim of a crime, or is needed to assist a family member who is a crime victim or if an employee needs time off to obtain a temporary restraining order related to domestic violence, reasonable time off will be provided. Employees must submit a copy of the jury summons, subpoena or other court documentation to their immediate supervisor prior to the absence.

## **6.8 Military Service**

CHDC provides time off for military service, including active duty or training with the National Guard or Reserves in accordance with federal and state legal requirements. Employees who may be covered by these provisions should inform their immediate supervisor as soon as they receive their military orders.

Employees required to attend yearly Reserve of National Guard duty may apply for unpaid military leave of absence not to exceed 17 days (including travel).

If an employee's spouse is a member of the Armed Forces who has been deployed during a period of military conflict to an area designated as a combat theater or combat zone by the President, or their spouse is a National Guard or Reserves member who has been deployed during a period of military conflict, the employee may take up to ten (10) days of unpaid leave during the period in which their spouse is on leave from deployment (provided the employee regularly works an average of 20 or more hours per week). Employees must provide written notice of their request for leave at least two (2) business days from receiving official notice that their spouse will be on leave from deployment.

## **6.9 Time Off For School Activities of Children**

Parents, guardians, or grandparents with custody of a child in kindergarten, grades 1-12, or a licensed day care center may take up to 40 hours per year of unpaid time for school activities. Employees must provide advance notice to their Department Head and may be asked to provide documentation of the reason for the time off. Employees may use accrued vacation time for this purpose.

If both parents work for CHDC, only one parent -- the first to provide notice -- may take the time off, unless CHDC approves both parents taking time off simultaneously.

Employees may also be granted unpaid time off to attend a school conference involving the possible discipline or suspension of their child. Notify the Department Head if time off is needed for this reason.

### **6.10 Leave Without Pay**

Leave without pay for up to five (5) working days may be granted at the discretion of the Executive Director. It is intended to cover situations in which an employee has exhausted vacation leave credits and needs additional time off for personal or other reasons that are not covered by another form of time off or leave of absence. These requests will be handled on a case-by-case basis and will depend on business and organizational needs.

### **6.11 Pregnancy Disability Leave**

Employees who are disabled by pregnancy, childbirth or related medical condition and unable to work may take up to four months of job-protected leave, depending on the period of actual disability. Medical certification is required and employees are to provide as much advance notice as possible prior to the beginning of the time off period. Additional information will be provided by the HR representative.

This time off is unpaid. However, employees may elect to use their accrued sick and/or vacation leave credits to pay them during the leave period. California State Disability Insurance (SDI) benefits may be available as wage replacement benefits during some or all of this time period. It is the employee's responsibility to file a claim with the State for these benefits. If SDI benefits are paid to the employee, CHDC will pay out the employee's sick and vacation leave credits, if elected, in an amount, which makes up the difference between the employee's regular amount of wages and that received from the State.

### **6.12 Workers' Compensation Leave**

Employees who are unable to work for more than five (5) consecutive work days due to a work-related injury or illness that is covered by CHDC's workers' compensation insurance or are receiving payment of wage replacement benefits through CHDC's workers' compensation insurer may take a Workers' Compensation Leave. Employees are to provide medical certification, as requested.

Employees who are able to return to their job without any work restrictions before their leave period expires must to notify Human Resources of the specific return to work date. Medical certification may be required.

Employees who are able to return to their job before their leave period expires, but only with work restrictions must provide written documentation from their health care provider of the restrictions and the expected duration. CHDC will determine if the restrictions can be accommodated, consistent with state and federal law.

The duration of leave will depend on the particular circumstances of each matter, taking into account CHDC's ability to operate safely and efficiently while keeping a particular position open.

### **6.13 Time Off Accommodations for Employees with Disabilities**

Employees who require additional time off beyond the maximum leave of absence period for any type of medical-related leave or who need to take time off and are not otherwise eligible for a leave should notify Human Resources. CHDC will evaluate whether the time off request can be reasonably accommodated according to its legal obligations under the Americans with Disabilities Act and the California Fair Employment and Housing Act. The additional time must be a reasonable period that is finite in length (e.g., a particular date) so as to enable the employee to return to work.

If the requested accommodation is a reduction in regular work hours, the employee's pay may be reduced accordingly. Since each job accommodation is unique, certain restrictions may apply, such as requirements regarding additional medical certification or advance notice for absences.

For more information on the accommodation process, see Disabilities and Job Accommodations, above.



## Employee Benefits

### 7.0 Group Health Benefits

CHDC has established a group benefits cafeteria plan and provides a benefits allowance to eligible employees, generally, regular employees, full time and part time who work at least 20 hours a week. Specific information will be provided to employees. This Handbook provides a general overview only. The specific eligibility and coverage requirements as well as plan administration and employees' rights and responsibilities under each plan are described in the benefit plan or trust documents, which are summarized in the Summary Plan Descriptions for each plan. These are the controlling legal documents in the event of any conflict or ambiguity.

### 7.1 Continuation of Health Benefits

If an employee loses health care coverage because of a reduction in hours of employment or the termination of employment (for reasons other than gross misconduct), the employee and/or his or her eligible dependents may be eligible to continue their medical coverage under CHDC's group health plan, at their own expense, for a specific period of time. Information will be mailed about these rights to continue group health coverage under the Consolidated Omnibus Budget Reconciliation Act of 1985 (known as "COBRA coverage") after the qualifying event. The employee and his or her covered spouse, registered domestic partner and/or dependent children, if any, are entitled to continue coverage under CHDC's group health plan up to 18 months from the date of the qualifying event. The employee or family member(s) must pay the full cost of coverage plus an administration fee.

The 18-month COBRA coverage period may be extended for the following reasons: death of the employee, divorce, legal separation, loss of dependent status, entitlement to Medicare, disability determination by Social Security, the employer's bankruptcy, or the birth or adoption of a child. California law provides that employees may extend COBRA coverage up to 36 months for medical coverage.

Employees on a leave of absence for more than 30 days may elect to continue health care coverage under COBRA.

### 7.2 Expense Reimbursement

Authorized reasonable "out of pocket" business expenses are reimbursed to employees. The Executive Director must approve local travel expenses. The Board of Directors of CHDC must approve out of town travel.

Employees will be reimbursed on an "at cost" basis for authorized travel from the office to the point or points required by work assignment and return to the office. Employees must submit a *Claim for Travel and Mileage Reimbursement* to their immediate supervisor, within two (2) calendar days of completed travel. Parking expense will be

reimbursed to the extent that employees are working in the field and the location has no parking or free space is unavailable.

Employees will not be reimbursed for the cost of tickets issued because of parking and/or other traffic violations. Employees will not be reimbursed for any other travel related expenses.

## Development Tasks and Schedule City of Vallejo Homeownership Acquisition/Rehab

Task	Date			
	Site 1	Site 2	Site 3	Site 4
Identify Sites	July 2015	Sept 2015	Dec 2015	Mar 2016
Develop Scope and Budget	July 2015	Sept 2015	Dec 2015	Mar 2016
Submit Offer	July 2015	Sept 2015	Dec 2015	Mar 2016
Open/Close Escrow	August 2015	Oct 2015	Jan 2016	April 2016
Contractor Selection	August 2015	Oct 2015	Jan 2016	April 2016
Start of Rehab	Sept 2015	Nov 2015	Mar 2016	May 2016
Marketing and sales	Nov 2015	Jan 2016	Mar 2016	May 2016
Homebuyer Escrow Closing	Jan 2016	Mar 2016	May 2016	July 2016



Community Housing Development Corporation  
 Vallejo Acquisition/Rehab - Single Family Home  
 Vallejo Homeownership Acquisition/Rehab  
 4 Homes

	2015 July - September	2015 Sept - December	2015/2016 Dec - March	2016 March - June	2016 June-August	Program Total
Acquisition/Rehab Properties	Home 1	Home 2	Home 3	Home 4		
<b>Construction Schedule:</b>						
Unit Starts	1	1	1	1		4
Units Completed		1	1	1		4
Units Under Construction	1	1	2	2		
Sales & Settlements			1	3	4	
Cumulative Settlements						
Project Costs*	299,229	299,229	299,229	299,229		1,196,916
<b>TOTAL EXPENSE</b>	<b>299,229</b>	<b>299,229</b>	<b>299,229</b>	<b>299,229</b>	<b>-</b>	<b>1,196,916</b>

						REMAINING FUNDS	REPAYMENT TO HOME FUNDS
<b>SOURCES</b>							
City of Vallejo CDBG/HOME	1,000,000	250,000	250,000	250,000	250,000	-	
Sales Proceeds from Home 1	200,000	49,229				150,771	150,771
Sales Proceeds from Home 2	200,000		49,229			150,771	150,771
Sales Proceeds from Home 3	200,000			49,229		150,771	150,771
Sales Proceeds from Home 4	200,000				49,229	150,771	150,771
<b>Sub-Total: Sources Avail for Costs</b>		<b>299,229</b>	<b>299,229</b>	<b>299,229</b>	<b>299,229</b>	<b>-</b>	<b>603,084</b>
<b>Sales Price + Closing Costs</b>							
1st Mortgage		160,000	160,000	160,000	160,000		640,000
Homebuyers Downpayment		6,000	6,000	6,000	6,000	-	24,000
Vallejo Development Subsidy		99,229	99,229	99,229	99,229	-	396,917
City of Vallejo Mortgage Assitance		40,000	40,000	40,000	40,000	-	160,000
<b>TOTAL HOMEBUYER FINANCING</b>		<b>305,229</b>	<b>305,229</b>	<b>305,229</b>	<b>305,229</b>	<b>-</b>	<b>1,220,917</b>

Community Housing Development Corporation  
 Vallejo Acquisition/Rehab - Single Family Home

30 Year 1st Mortgage

HOMEBUYER MORTGAGE LOAN AND AFFORDABILITY CALCULATION							
Household Size:	Solano County PSMA HUD Limits						
	1	2	3	4	5	6	7
Moderate Income (120%)	\$84,440	\$73,680	\$82,920	\$92,040	\$99,480	108,800	\$114,240
Median Income (100%)	\$53,700	\$81,400	\$89,100	\$76,700	\$82,900	89,000	\$95,200
Low Income (80%)	\$42,950	\$49,100	\$55,250	\$61,350	\$68,300	71,200	\$76,100
Very Low Income (50%)	\$28,850	\$30,700	\$34,550	\$38,350	\$41,450	44,500	\$47,600

VARIABLES

Property Tax Rate	1.25%
County Utility Allowance	\$ 191.00
Homeowners' Insurance - % of Mortgage	0.03%
Maximum PITI Ratio - Very Low -Low Income	38.0%
Maximum PITI Ratio - Moderate Income	38.0%
Percentage Down - Buyers' Own Funds	3.0%
Mortgage Term in Months	360
Interest Rate - Market Rate	4.500%
Interest Rate - Mod Income	4.5%
Interest Rate - Very Low & Low Income	4.5%
Buyer Closing Cost - % of Purchase	3.00%

	Per Unit	Per Unit	Per Unit	Per Unit	Total
	Market Rate	Low Income	Low Income	Very Low Income	
Number of Bedrooms:		3			
Estimated Number Units:		4			4
Average Cost of Production:	\$ -	\$ 299,229			\$ 1,196,917

Development Subsidy Required - Gap/unit

City Development Subsidy	\$ -	\$ 99,229	\$ -	\$ -	\$ 396,917
	\$ -	\$ 99,229	\$ -	\$ -	\$ 396,917

Purchase Price	\$ -	\$ 200,000			\$ 800,000
Buyer Closing Costs	\$ -	\$ 6,000	\$ -		\$ 24,000
Total	\$ -	\$ 206,000	\$ -	\$ -	\$ 824,000

Financing Sources

1st Mortgage	\$ 160,000	\$ -	\$ -	\$ 640,000
Buyer's Own Funds	\$ 6,000	\$ -	\$ -	\$ 24,000
City of Vallejo Mortgage Assistance	\$ 40,000	\$ -	\$ -	\$ 160,000
Total:	\$ -	\$ 206,000	\$ -	\$ 824,000

BUYER MORTGAGE DEBT ESTIMATE	Monthly	Low Income	Low Income	Monthly
		Monthly	Monthly	
1st Mortgage Installment:	\$ -	\$ 811	\$ -	\$ -
Taxes	\$ -	\$ 208	\$ -	\$ -
Homeowners' Insurance	\$ -	\$ 60	\$ -	\$ -
Utility Allowance	\$ -	\$ 0	\$ -	\$ -
Total Monthly PITI	\$ -	\$ 1,079	\$ -	\$ -

Minimum Income Required:	\$ -	\$ 41,769	\$ -	\$ -
Estimated Family Size:	-	4	-	-
% Median Income:	0%	50%	0%	0%

Maximum PITI Ratio @:	31%	31%	38%	38%
1st Mortgage Interest Rate @:	4.500%	4.500%	4.500%	4.500%

**Community Housing Development Corporation**

**Project: Vallejo Acquisition/Rehab - Single Family Home**  
**Project Parcel and Unit Summary Report**

Last Modified: 1.28.2015

MODEL/TYPE	UNIT SQ. FT. SIZE	NUMBER BEDROOMS	NUMBER BATHROOMS	GARAGE SIZE	Total No. Units	Total Sq. Ft.
Avg. Single Family Home	1,200	3	2	1	4	4,800
						0
						0
						0
Total:					4	4,800

**UrbanLIFT™ Community Grant Program  
GRANT AGREEMENT**

This Grant Agreement (the "Agreement") is entered into as of January 1, 2014 (the "Effective Date"), by and between NeighborWorks America ("NWA"), a nonprofit corporation duly organized, and created by an Act of Congress and Community Housing Development Corporation, North Richmond ("Grantee"), a California 501(c)(3) non-profit organization. NWA and Grantee may be collectively referred to herein as "the Parties" or individually as a "Party."

**Recitals**

1. Wells Fargo Bank, N.A. ("Wells Fargo") entered into a Conciliation Agreement with the Assistant Secretary for Fair Housing and Equal Opportunity on behalf of the United States Department of Housing and Urban Development on June 6, 2013 (the "Conciliation Agreement") in which it agreed to fund a community grant program which is referred to as the UrbanLIFT™ Community Grant Program (the "Grant Program"). The Grant Program is designed to provide grants to qualified organizations for purposes of stabilizing and strengthening communities in certain census tracts.
2. Wells Fargo and NWA have entered into a Grant Administration Program Agreement, dated as of September 9, 2013 ("Wells Agreement") to act as program administrator of the Grant Program.
3. Grantee and NWA are entering into this Agreement to set forth the terms and conditions of the grant award.

**Agreement**

**THEREFORE**, in consideration of the foregoing and of the mutual covenants set forth below, the receipt and sufficiency of which are hereby acknowledged by the Parties, the Parties, intending to be legally bound, agree as follows:

**I. Definitions**

Capitalized defined terms used in this Agreement shall have the following meanings. Where the context so indicates or requires, each defined term stated in the singular also includes the plural, and each defined term stated in the plural also includes the singular.

"Confidential Information" has the meaning set out in Article V.

"Grant" is defined in Section II.A.

"Marks" has the meaning set out in Section III.A of this Agreement.

"Program Documents" means the UrbanLIFT Program Notice, Pre-Application, Full Application and such other documents which may be listed in the Program Notice or the Program website, which may be found at [www.urbanapplication.org](http://www.urbanapplication.org).

"Project" is the project described in Exhibit A.



**"Project Completion Date"** means the date when the proposed Project will be completed. For multi-use Projects, the Project Completion Date is the latest date of all of the proposed Eligible Uses. Specific definitions for each of the four Eligible Uses are:

- **Single-Family Housing Rehabilitation:** the date of a Certificate of Occupancy for the final home among all homes proposed in the Project (provided all other homes in Project have previously received a Certificate of Occupancy)
- **Single-Family Housing Demolition:** the date Grantee receives all necessary certifications awarded by local governments indicating that the final completed, demolished home for the Project has met local government and all other applicable regulatory requirements (provided all other demolished homes in Project have previously received all necessary certifications)
- **Neighborhood Improvement:** the date Grantee successfully completes all work on the Project and has obtained all necessary government certifications or provided other documentation acceptable to the Program Administrator
- **Site Improvement for Residential Properties:** the date Grantee successfully completes all work on the Project and has obtained all necessary government certifications or provided other documentation denoting government approval/acceptance of the improvement that is acceptable to NWA.

**"Release"** is defined in Section II.F.

## II. The Project and the Grant

A. **The Grant.** NWA will provide to Grantee a grant in the amount of \$337,469.00 (the "**Grant**") to fund the Project in accordance with the terms and conditions set forth in this Agreement.

**Payment of the Grant.** The Grant will be paid as follows: (1) after NWA receives and accepts any requested information about the Project and a signed copy of this Agreement and the Release, the lesser of 25% of the Grant or \$50,000 will be disbursed to Grantee; (2) the balance of the Grant, not to exceed 85%, will be available for monthly disbursement whereby such disbursement will be determined by multiplying the percentage of Project completion by the Grant amount and then subtracting sums previously disbursed, and such disbursements will be conditioned upon NWA's receipt of disbursement request forms, timely, accurate and complete Disbursement Reports and Quarterly Reports in a format provided by NWA and any other information or conditions requested by NWA to ensure that the Project is progressing on schedule, including but not limited to independent third party site inspections, and (3) the final 15% of the Grant will be disbursed to Grantee when NWA receives from Grantee evidence that ~~the Project was 100% completed, which shall be confirmed by an independent third party inspection, and~~ submission of a Final Report on the Project, as described in Section IV A. However, if the Grant Award amount exceeds the final documented and actual expenditures for the Project by more than 5%, then the final disbursement will not include any amount above the 5% difference.

B. **The Project.** Grantee will use the Grant only to fund the Project.

C. **Project Completion Date.** The Project Completion Date should be on or before Project completion date specified by the grantee in its UrbanLIFT Community Grant Program Workplan, any modifications to which shall be subject to prior written NWA approval. If at any time Grantee becomes aware that it may not meet the Project Completion Date as set forth in this section, it shall immediately contact NWA and provide any information or document requested by NWA at such time.

- D. **Grant Suspension / De-Obligation.** NWA has the right to suspend and/or de-obligate Grant funds to Grantee if Grantee (i) does not meet reporting requirements in the formats provided by NWA (including content and due dates) described in this Agreement, (i) is out of compliance with the Grant Program for any reason (as set forth in this Agreement or any Program Document), or (iii) if the Project falls behind schedule and the Project Completion Date set forth in paragraph (D) above is jeopardized.
- E. **Release.** As a condition to receiving the Grant, Grantee agrees to execute and deliver the Release in the form set forth in Exhibit B hereto.
- F. **Segregation and Investment of Grant Funds.** Grantee must account for the Grant in one or more separate bookkeeping accounts designated for the Project. All Grant funds must be invested in cash or cash equivalents with the primary objective of preservation of principal (such as a federally insured bank account).
- G. **Records.** Grantee must maintain a systematic accounting record of the receipt and use of the Grant and must retain its records related to the Project, including but not limited to site inspection results and Project progress reports, for at least four years after it has fully expended the Grant.
- H. **Gift Substantiation.** Grantee shall provide NWA with such acknowledgments and documentation as are necessary for NWA to substantiate, in accordance with Internal Revenue Code sections 170(f)(8) and 6115, its payments to Grantee as charitable contributions to the extent permitted by law.
- I. **Compliance.** Unless otherwise agreed in writing by the parties, Grantee, at its cost and expense, shall be responsible for obtaining all rights, permissions, licenses, insurances and releases necessary for participation of all participants in the Project and activities and events associated therewith, and the use of any materials at, in connection with, or derived from the Project and activities and events, including liability and publicity release forms from speakers and participants, agreements regarding uses of testimonials, and licenses to use materials and productions.
- J. **Program Documents.** Grantee has read and understood the Program Documents and agrees to abide by any terms applicable to it as set forth in the Program Documents.
- k. **UrbanLIFT Workplan and related documents.** The UrbanLIFT Community Grant Program Workplan including the project description, projected outputs, project completion schedule and project budget is incorporated into this agreement and attached as an exhibit, and the Grantee is expected to adhere to applicable deliverables and timelines. Any modifications to the Workplan, including changes to property addresses, are to be undertaken in consultation with NWA and are subject to prior written NWA approval.

### III. Publicity

- A. **Wells Fargo.** Grantee acknowledges that the Grant is being funded by Wells Fargo through its UrbanLIFT Community Grant Program and that Wells Fargo may wish to be publicly acknowledged for its support of the Project. In the event Wells Fargo is publicly acknowledged by Grantee and referred to in public campaigns describing the support of the Project, it will be done solely by using the Wells Fargo marks in Exhibit C ("Marks"). Grantee agrees that nothing herein shall give to it any right, title or interest in the Marks other than the right to use the Marks in accordance with the terms of this Agreement; that the Marks are the sole property of Wells Fargo; and that any and all uses by Grantee of the Marks shall inure to the benefit of Wells Fargo. The rights to use the Marks pursuant

to this section are personal in nature to Grantee, are non-transferable by Grantee, do not convey any sublicensing rights to Grantee, and shall not inure to the benefit of any successor in interest of Grantee. All rights not specifically granted or licensed to Grantee are reserved to Wells Fargo.

Public Events. Grantee will provide reasonable notice to NWA prior to any groundbreaking, ribbon-cutting or other public ceremony related to the subject matter of this Agreement ("Public Events") to allow for planning of potential participation of Wells Fargo in such event.

#### IV. Reporting, Accountability, and Performance Monitoring

- A. Disbursement, Quarterly and Final Reports. For each disbursement, Grantee will provide NWA with Disbursement Reports on the performance and operations of the Project that allow NWA to monitor whether the Grant is being properly applied to the project, to assure accountability, and to determine whether any additional disbursement of the Grant is warranted. NWA will provide a specific form and/or formats for such reports. These Disbursement Reports are to be provided with each disbursement request.

Grantee will also provide a specific Quarterly Report as defined by NWA. This information shall be provided in a report using NWA's electronic reporting protocol. Quarterly Reports are due 45 days after each quarter end (with the first report due on May 15, 2014) until the Project Completion Date. Grantee will also provide a specific Final Report as defined by NWA and using NWA's electronic reporting protocol and provided within thirty days of the Project Completion Date.

- B. Additional Information/Cooperation. Grantee agrees to provide the following information to NWA on a prompt and timely basis:

1. Timely notification of any developments, changes or incidents that may have a material adverse effect on the ability of Grantee to continue its normal business operations or to maintain its tax exempt status; or that may raise reputational concerns;
2. Such other information regarding the Project (including, without limitation, activities and events with respect thereto) as reasonably requested from time to time by NWA; and
3. Full cooperation and support in response to NWA requests for assistance with development of ~~communications products for the Program, including by not limited to, videos, social media, radio~~ and print.

#### V. Confidentiality

It is the intent of the Parties that no sensitive, confidential or proprietary information including any personally identifiable customer or consumer information (collectively referred to as "**Confidential Information**") will be shared, disclosed or otherwise used in connection with this Agreement. In the event the Parties wish to share, use or otherwise disclose Confidential Information, the Parties will enter into a separate confidentiality agreement, prior to the use or disclosure of such information. In the event of an inadvertent disclosure to a Party, such information will be maintained in confidence by the receiving Party, and the receiving Party shall immediately notify the disclosing Party of the situation, and shall cooperate with the disclosing Party in regard to the safeguard, return or destruction of such information. The receiving Party will safeguard the Confidential Information of the disclosing Party using the same

degree of care it uses to safeguard its own Confidential Information, but in no case less than a reasonable degree of care.

## **VI. Representations and Warranties**

Each Party hereby represents and warrants to the other as follows:

- A. **Authority.** The execution, delivery and performance of this Agreement by such Party have been duly authorized by any requisite corporate action, that this Agreement constitutes a legal, valid and binding obligation of such Party, and that such Party has the full and unrestricted right, power and authority to enter into and perform this Agreement in accordance with all of its terms as required hereunder.
- B. **Conflicts.** There are no outstanding contracts, commitments or other obligations of such Party that are in conflict with this Agreement or that might in any way conflict or interfere with, adversely affect, limit or restrict or impair the rights of the other Party under this Agreement, and the representing Party will not enter into any contracts, commitments or other obligations or engage in any conduct whereby the rights of the other Party might in any way be conflicted or interfered with, adversely affected, limited, restricted or impaired.
- C. **Compliance.** It will comply with all applicable laws, rules and regulations of any governmental authority in connection with its obligations under this Agreement.
- D. **Claims.** There is no claim, action, suit, proceeding or investigation pending or, to the best of such Party's knowledge, threatened against that Party which, either in any one instance, or in the aggregate, may result in any material adverse change in the business, operations, financial condition, properties or assets of that Party, or in any material impairment of the right or ability of that Party to carry on its business substantially as now conducted, or in any material liability on the part of that Party, or which would draw into question the validity of this Agreement, or of any of the other instruments, documents or agreements entered into by either Party in connection with this Agreement, or of any action taken or to be taken in connection with the obligations contemplated herein, or which would be likely to impair materially the ability of either Party to perform under the terms of the Agreement.
- E. **Continuous Effect.** Each of the foregoing warranties will be deemed provided by both Parties on the Effective Date hereof, and each of the foregoing warranties is continuous in nature and shall continue through the pendency of this Agreement.

## **VII. Additional Representations, Warranties and Obligations of Grantee**

- A. **Prohibited Uses of Funds.**
  - 1. Grantee shall not use any of the Grant Funds to i) conduct lobbying activities or otherwise participate in, intervene or influence any election, political campaign, law making or legislative activity; or ii) make any loans, advances or other extensions of credit to any Grantee executives, officers, or directors (or any relatives of any of the foregoing). Any subcontractors working on the Project shall be subject to the foregoing prohibitions.
  - 2. Grantee represents that it is familiar with the U.S. Executive Orders and laws that prohibit the provision of resources and support to individuals and organizations associated with terrorism, and the terrorist related lists promulgated by the U.S. Government. Grantee will use reasonable efforts to ensure that it does not support or promote violence, terrorist activity or related training, or money laundering.

- B. Status. Grantee is a non-profit organization duly organized, validly existing and in good standing under the laws of the State/s in which it is incorporated and doing business. Grantee is an organization described in Section 501(c)(3) of the Internal Revenue Code and shall maintain such status throughout the term of this Agreement. Grantee shall immediately notify NWA if such status is revoked or suspended or is threatened to be revoked or suspended, or if Grantee becomes aware of facts that could reasonably serve as the basis for revocation or suspension of such status.
- C. Reorganization. Grantee shall not, without providing prior written notice to NWA: (a) merge or consolidate with any other entity; (b) make any substantial change in the nature of its business or structure; or (c) sell, lease, assign, transfer or otherwise dispose of any material part of its assets except in the ordinary course of its business. In the event that, within NWA's reasonable discretion, the activity contemplated in the written notice amounts to a material and adverse change to Grantee, NWA may terminate this Agreement for cause under the terms of Section X.B below.
- D. Administration of the Project and Indemnification. Notwithstanding the Representations and Warranties set forth above in Section VII, the Parties agree that the administration of the Project is the sole responsibility of the Grantee, and such administration will comply with all applicable law, rules and regulations. Grantee agrees to indemnify and hold harmless NWA and its Affiliates from any action or proceeding arising from the administration of the Project.
- E. Diligent and Professional Manner. Grantee will perform its obligations under this Agreement in a diligent and professional manner, consistent with industry standards for the Project.
- F. Site Visits and Inspections. Grantee will permit NWA or any of their respective employees, or any representatives designated by them, to visit the Project site(s) and inspect, at NWA's expense, the Project and any of Grantee's books, records, or documents related to the Project and Program, and to discuss Grantee's affairs, finances and accounts in relation to the Program and Project, to such extent and at such times or intervals as NWA may request. NWA will visit the Grantee and the Project site at intervals of 33%, 66% and 100% of Project completion.
- G. Insurance Coverage. Grantee has and shall maintain at all times the types and amounts of insurance coverage customary for Grantees engaged in Projects pursuant to the Program.
- ~~H. NWA Obligations. Grantee shall use best efforts to assist NWA to comply with its obligations (i) under the Wells Agreement and (ii) in connection with the Program.~~

### VIII. Term and Termination

- A. General. This Agreement will commence on the Effective Date and will continue in full force and until the final Grant disbursement is made or until terminated earlier by either Party pursuant to the termination provisions set forth in this Agreement.
- B. Termination for Cause. In the event that a Party is in default as defined in Article IX of this Agreement, the other Party may, in addition to and not in lieu of or in limitation of any other rights or remedies that it may have, thereupon or at any time thereafter terminate this Agreement upon at least 30 days' written notice to the other Party (provided, however, a default under Section IX.A.2 (public disrepute), .3 (disparaging statements) or .4 (bankruptcy) are not subject to such cure period and upon

the occurrence thereof, this Agreement may be immediately terminated by the Party entitled to give such notice). Such notice must specify the nature of the default on which the termination is based. If the default is cured within 30 days after such notice is given, then the termination shall not take effect.

- C. **Court Order.** Either Party may terminate this Agreement pursuant to this Section immediately by providing the other Party with written notice of its intent to do so if a court of competent jurisdiction (or other administrative body empowered to issue such orders) issues a final order or judgment holding that this Agreement or the activities that are the subject of this Agreement are in violation of the law, or if a Party is required to terminate this Agreement by law, regulation or bank regulatory authority.
- D. **Effect of Termination.** If this Agreement has properly terminated pursuant to its terms, or if this Agreement has expired by its terms, then each Party shall return or destroy all of the other Party's Confidential Information in its possession or control. NWA shall be under no obligation to make any payments to Grantee after the termination of this Agreement.
- E. **Survival of Certain Provisions.** In the event this Agreement is terminated, the provisions of Section II.H (Records), Article III.A (Marks), Article V (Confidentiality), this Section VII.E (Survival of Certain Provisions), Article X (Dispute Resolution), Article XI (Limitation of Liability), and Section XII.E (Governing Law), of this Agreement will survive such termination.

#### **IX. Default**

- A. **Events of Default.** Either Party shall be in default under this Agreement if at any time it:
  - 1. Materially breaches any of its obligations under this Agreement;
  - 2. Takes or omits to take any action, directly or indirectly, individually or in concert with others, which action or omission brings Grantee into such public disrepute that NWA, Wells Fargo or any of their respective affiliates could be injured or exposed to liability, or their respective reputations, products, services or rights under this Agreement could be negatively impaired in any manner. For purposes of this paragraph IX.A.2, the actions and omissions of Grantee's officers, directors, partners, members, managers, owners, employees and agents shall be deemed to be the actions and omissions of Grantee, regardless of whether such actions and omissions were or were not in the course of such individual's employment, engagement or performance with or for the Grantee.
  - 3. Makes any statement that is likely to have the effect of undermining, disparaging or otherwise reflecting poorly upon NWA's or Wells Fargo's reputation, products or services, or those of its Affiliates; or
  - 4. Files or has filed against it any petition under any federal or state bankruptcy law, or is adjudicated bankrupt or insolvent, or any receiver is appointed for its business or property, or any trustee in bankruptcy is appointed for its business or property under any federal or state law.
- B. **Pending Breach.** NWA shall be under no obligation to make any payments under this Agreement while Grantee is in default or material breach of any of its obligations under this Agreement.

#### **X. Dispute Resolution**

It is the intent of the Parties that they will collaborate to resolve any disputes in a mutually agreeable manner. The Parties agree to make good faith efforts in trying to resolve any issues or disputes between the Parties. In the event the Parties are unable to resolve a dispute, the provisions of this Section shall apply. The Parties agree that, except for a breach or threatened breach of Article V (Confidentiality), for which breach or threatened breach a Party may pursue equitable relief (including injunctive relief) from a court of applicable jurisdiction as contemplated by Article XII.M.), any dispute arising out of or concerning this Agreement, its interpretation, or any Party's rights or obligations under this Agreement shall be resolved exclusively by binding arbitration under the auspices of the American Arbitration Association ("AAA") pursuant to its Commercial Rules then in effect. Such arbitration shall take place in the District of Columbia unless otherwise agreed to in writing by the Parties. A single neutral arbitrator (or, for any dispute in which the amount in controversy exceeds \$1,000,000, a panel of three arbitrators) at AAA will be selected by the mutual agreement of the Parties, and absent such agreement, by the AAA. The hearing will be commenced within 90 days of the selection of the arbitrator. Within 15 days following the closing of the hearing, a written award shall be made by the arbitrator, which shall be contemporaneously delivered to the arbitrating Parties. Any award by the arbitrator shall be accompanied by a written opinion setting forth the findings of fact and conclusions of law relied upon by the arbitrator in reaching the decision. The judgment of the arbitrator shall be final and may be entered in any court of competent jurisdiction. Each Party shall bear its own costs and attorneys' fees in connection with the arbitration, and the arbitrator shall not award any punitive damages or penalties. The arbitrator shall apply the substantive law of the District of Columbia in connection with the arbitration proceeding. In such arbitration, the confidentiality provisions of Article V above shall continue to apply; provided, however, disclosures may be made to the arbitrator and the Parties shall cause the confidentiality provisions of Article V to be made to apply to AAA, the arbitrator, and their respective employees, agents and representatives.

#### **XI. LIMITATION OF LIABILITY**

**NEITHER PARTY WILL BE LIABLE FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL DAMAGES, INCLUDING BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR RELATED TO THIS AGREEMENT AND THE SERVICES AND/OR PRODUCTS SUPPLIED HEREUNDER, EVEN IF THE PARTIES HAVE KNOWLEDGE OF THE POSSIBILITY OF SUCH DAMAGES AND WHETHER OR NOT SUCH DAMAGES ARE FORSEEABLE.**

#### **XII. Miscellaneous**

A. Authorized Representatives. Grantee and NWA shall each designate a person to be its primary authorized representative for the purposes of this relationship. Any changes in authorized representatives shall be communicated in writing to the other Party 30 days prior to the effective date of such change, or as soon as reasonably practical. Such persons are:

For Grantee: \_\_\_\_\_

For NWA: Eileen Fitzgerald  
President and CEO  
NeighborWorks America  
999 North Capitol St  
Washington, DC 20002  
efitzgerald@nw.org

- B. Notices. Any notice, request or communication required or provided to be given under this Agreement shall be in writing and shall be sufficiently given and shall be deemed given when delivered personally or when mailed by certified or registered mail, return receipt requested, postage prepaid, addressed as follows:

To Grantee: Donald Gilmore  
Community Housing  
Development Corp.  
1535 "A" Fred Jackson Way  
Richmond CA 94801

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with a copy to:

To NWA: Tom Deyo  
NeighborWorks America  
999 North Capitol, NE  
Washington DC, 20002

with a copy to: Jeffery Bryson  
General Counsel  
NeighborWorks America  
999 North Capitol, NE  
Washington DC, 20002

or to such other Party at such other address as such Party, by notice given as herein provided, shall designate. Any notice given in any other manner shall be effective only upon receipt by the addressee.

- C. Entire Agreement and Modification. This Agreement sets forth the entire agreement between the Parties with respect to the subject matter hereof and supersedes any other promise, agreement, representation, statement or other understanding between the Parties with respect to the subject matters hereof. Each Party represents to the other that it has not relied on any promise, agreement, representation, statement or other understanding in entering into this Agreement other than what is explicitly stated in writing in this Agreement. Grantee agrees and acknowledges that NWA makes no commitments as to any future support, grants or donations that are not expressly set out in this Agreement. This Agreement may not be modified except by a writing signed by both Parties hereto.
- D. Assignment. Grantee will not assign this Agreement or any of its rights or delegate any of its duties under this Agreement without the prior written consent of NWA; any unauthorized assignment or delegation will be null and void. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the Parties' successors and permitted assigns.




- E. Governing Law. Except as otherwise provided in this Agreement, this Agreement shall be deemed to have been entered into in the District of Columbia and shall be interpreted in accordance with and pursuant to the laws of the District of Columbia applicable to agreements made and wholly performed therein.
- F. No Third-Party Beneficiaries. Grantee and NWA intend that this Agreement will not benefit or create any right or cause of action in or on behalf of any person or entity (including the public at large) other than the Parties, except that it is expressly agreed that Wells Fargo is an intended beneficiary with respect to Section III.A.
- G. Modification and Waiver. No modification of this Agreement is effective unless signed by Grantee and NWA, and no waiver of any breach of this Agreement will be effective unless in writing and signed by an authorized representative of the non-breaching Party. No waiver of any breach of this Agreement, and no course of dealing between the Parties, will be construed as a waiver of any subsequent breach of this Agreement.
- H. No Partnership or Agency. Nothing contained in this Agreement shall be construed as creating the relationship between the Parties of partners, joint venturers or agents, and neither Party shall have the power or authority to bind the other Party to any contract or commitment in any manner whatsoever.
- I. Captions. The captions or titles of this Agreement or any section hereof are inserted for purposes of convenience only and are not deemed to limit or affect the scope, meaning or intent of this Agreement, nor shall they otherwise be given any legal effect.
- J. Severability. In the event any term or provision of this Agreement or any application thereof shall be deemed to be illegal, void or unenforceable, then the same shall not affect the remaining portions of this Agreement or any other application of the same that are not determined to be illegal, void or unenforceable, which remaining provisions and any other such application shall survive and constitute the agreement of the Parties.
- K. Interpretation. Each Party acknowledges that it has had the opportunity to read and review this Agreement with counsel, and that this Agreement has been the subject of active and complete negotiations. This Agreement will not be construed against the Party preparing it, but will be construed as if all the Parties jointly prepared this Agreement, and any uncertainty or ambiguity will not be interpreted against any one Party. Whenever the words "include" or "including" are used in this Agreement, they will be deemed to be followed by the words "without limitation."
- 
- L. Execution and Counterparts. To facilitate execution, this Agreement may be executed (i) pursuant to the process set forth in the Electronic Signatures in Global and National Commerce Act (15 USC §7001 et seq.), or (ii) in as many counterparts as may be required to reflect all Parties' assent; all counterparts will collectively constitute a single agreement. A legible facsimile or portable document format (PDF) signature that can be authenticated will constitute an original and binding signature of a Party.
- M. Injunctive Relief. Each Party acknowledges it would be difficult to fully compensate the other Party for damages that may result from the breach or threatened breach of the provisions of Article V. Accordingly, and notwithstanding any other provisions of this Agreement, each Party acknowledges that the other Party will be entitled to seek injunctive relief, including temporary restraining orders, preliminary injunctions and permanent injunctions, to enforce such provisions. This provision with respect to injunctive relief will not, however, diminish any Party's right to seek other remedies, or to claim and recover damages.

IN WITNESS WHEREOF, Grantees and NWA, by the signatures of their duly-authorized representatives below, intending to be legally bound, agree to all of the provisions of this Agreement.

**AGREED TO AND ACKNOWLEDGED**

Community Housing Development  
Corporation, North Richmond  
("Grantee")

NeighborWorks America ("NWA")

  
By: \_\_\_\_\_  
Donald Peilmore  
Name: (Print) \_\_\_\_\_  
Executive Director  
Title: \_\_\_\_\_  
1/31/2014  
Date: \_\_\_\_\_

By: \_\_\_\_\_  
Name: (Print) \_\_\_\_\_  
Title: \_\_\_\_\_  
Date: \_\_\_\_\_

Exhibits

- A UrbanLIFT Workplan
- B Release
- C Marks

## URBANLIFT COMMUNITY GRANT PROGRAM WORK PLAN

**GRANTEE NAME: COMMUNITY HOUSING DEVELOPMENT CORPORATION**

**GRANT NUMBER: 2014-8371-0128-ULIFT**

**TOTAL GRANT AWARD: \$337,469.00**

**ELIGIBLE USE/S (CHECK ALL THAT APPLY):**

SF REHAB    SF DEMOLITION    NEIGHBORHOOD IMPROVEMENT    SITE IMPROVEMENT

**PROJECT IMPLEMENTATION PERIOD – Fill in boxes below (End date must be before June 30, 2015)**

<b>Start Date:</b>	January 1, 2014	<b>End Date:</b>	June 15, 2015
--------------------	-----------------	------------------	---------------

**PROJECT DESCRIPTION – In the box below, describe your final project based on grant amount**

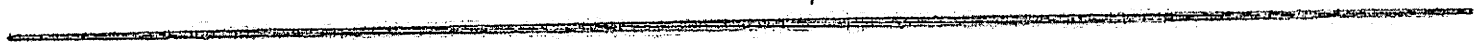
**Description** (may update original description provided in UrbanLIFT grant application but may not replace the proposed project with a new project.):

CHDC is proposing to acquire and rehabilitate vacant, foreclosed, blighted single-family homes in the Country Club Crest "the Crest" neighborhood in the City of Vallejo, census tracts 2519.03 and 2519.02. CHDC intends to sell the completely rehabbed homes to first-time low- and moderate-income homebuyers. CHDC hopes to complete 7 homes by June 15, 2015. Rehabilitation needs will be identified by various property inspections (e.g. termite, lead based paint/asbestos, home inspection, sewer lateral inspection, etc.) and confirmed by City inspectors. The rehabs will adhere to CHDC's acquisition/rehabilitation specifications, which meets and/or exceeds the City's requirements and specifications. At minimum, the rehabs will include the installation of energy efficient appliances, low-flow faucets, High Efficiency Toilets (HET), no-VOC paint, new landscaping, while addressing any health, safety, and code violations. More extensive rehabs may include replacing missing and/or upgrading electrical, plumbing, and HVAC; providing new roofs with a minimum of 30 year warranty; replacing deteriorating sewer lateral lines; restoring illegally converted spaces back to original use; and replacing deteriorating flooring, cabinets, tubs and tub surrounds.

**Projected Outputs** (# of SF rehab/# of SF Demo/ # of parks/gardens/community center etc): 7 Single-Family rehabs.

**KEY PROJECT STAFF – Fill in boxes below with team member names and email addresses**

<b>Project Manager</b>	Joanna Griffith	<b>Email</b>	jgriffith@chdcnr.com
<b>Team member</b>	Jovan Ludovice	<b>Email</b>	jludovice@chdcnr.com
<b>Team Member</b>	Eric Clayton	<b>Email</b>	eclayton@chdcnr.com



**EXHIBIT A**

**The Project  
(Includes UrbanLIFT Workplan)**

**FINAL PROPERTY ADDRESS LIST:**

<i>Property Address List (Each row should be for one address required for the project. If an address is unknown at present but a property is required for the project, enter TBD for "to be determined" in that row. Please add as many rows as necessary.)</i>	<b>Site Control/Approved Access</b> <i>Indicate whether Yes/No/TBD</i>
607 Mark Avenue, Vallejo, CA	Yes
TBD	TBD
TBD	TBD
TBD	TBD
TBD	TBD
TBD	TBD
TBD	TBD
TBD	TBD

**PROJECT COMPLETION SCHEDULE AND MILESTONES:** In the following table, describe anticipated project completion milestones, estimated physical improvement completion percentage for the whole project (e.g., if a project includes 5 rehabs, completion of one unit if units are done sequentially would be 20%), and estimated cumulative total costs for the project for each month through 100% project completion.

Please Note the Disbursement Schedule per the UrbanLIFT Program Notice of September 9, 2013

- A) An Initial Disbursement as hereafter defined as the **lesser** of a) 25% of its award or b) \$50,000 upon receipt of its executed Grant Agreement and any required start-up documentation as determined by the Program Administrator.
- B) On-site Inspections will occur when Projects have reached 33%, 66%, and 100% of completion according to submitted overall Project budget documentation. **Overall Project budgets are budgets for all costs of the Project as submitted in Program application and not just the UrbanLIFT grant portion of the project.**
- C) Subsequent disbursements will occur in increments until 85% of the total grant has been disbursed. ~~Disbursement increments will be according to the achieved percent of the overall Project budget unless the on-site inspection indicates that the percentage of physical Project completion is less than the percent of overall Project budget completion.~~ In such instances, the disbursement will be adjusted down to the percent of physical Project completion. (For example, when a Grantee submits documentation that can be validated that the overall Project budget has met 30% of the overall Project budget, then the disbursement made will be equal to Total Grant Award *times* 30% *less* amount previously disbursed. In this instance of 30% of the overall Project budget, the disbursement would amount to 5% of total grant award if the Grantee had received 25% as an Initial Disbursement. However, a correction to the overall Project budget completion percentage will be made at each on-site inspection. If the percent of physical Project completion is less than the percent of overall Project budget completion, then the disbursement request will be adjusted to the percent of physical Project completion.)

**Project Completion Schedule**

<b>Month</b>	<b>Project Completion Milestone by end of Month (Need to provide only one statement for each month):</b>	<b>Estimated % Physical Project Completion at end of month (This may differ from % of Overall Budget completion)</b>	<b>Estimated Overall Project Budget Expenditures as of the end of the month</b>
Jan 2014		%	\$
Feb 2014	Completion of 607 Mark Avenue (Property 1)	14.3%	\$250,347.59
March 2014			
April 2014			
May 2014	Completion of Property 2	14.3%	\$250,347.59
June 2014			
July 2014	Completion of Property 3	14.3%	\$250,347.59
Aug 2014			
Sept 2014	Completion of Property 4	14.3%	\$250,347.59
Oct 2014			
Nov 2014	Completion of Property 5	14.3%	\$250,347.59
Dec 2014			
Jan 2015			
Feb 2015	Completion of Property 6	14.3%	\$250,347.59
March 2015			
April 2015			
May 2015	Completion of Property 7	14.3%	\$250,347.59
June 2015			

**TOTAL PROJECT BUDGET** – The total estimated cost of the project is:

**\$1,752,433.13**

Note: CHDC is proposing to rehab 7 homes, where the completion of 1 home is equivalent to approximately 14.3% of the overall project completion.

**Estimated Grant Funds Disbursement Schedule**

<i>Month</i>	<i>Project Milestone by end of Month</i>	<i>Estimated % Physical Project Completion at end of month</i>	<i>Estimated grant funds disbursement amount</i>	<i>Estimated balance of grant funds remaining</i>
				\$337,469
Jan 2014	Executed grant agreement	0%	\$50,000	\$287,469
Feb 2014	Completion of 607 Mark Avenue (Property 1)	14.3%	\$0	\$287,469
March 2014				
April 2014				
May 2014	Completion of Property 2	14.3%	\$46,419.72	\$241,049.28
June 2014				
July 2014	Completion of Property 3	14.3%	\$48,209.86	\$192,839.42
Aug 2014				
Sept 2014	Completion of Property 4	14.3%	\$48,209.86	\$144,629.56
Oct 2014				
Nov 2014	Completion of Property 5	14.3%	\$48,209.86	\$96,419.70
Dec 2014				
Jan 2015				
Feb 2015	Completion of Property 6	14.3%	\$48,209.86	\$48,209.84
March 2015				
April 2015				
May 2015	Completion of Property 7	14.3%	\$48,209.86	\$0
June 2015				
	<b>Total Disbursements</b>		<b>\$337,469</b>	

PRINTED IN U.S.A






**EXHIBIT B**

**Release**

Reference is made to the Conciliation Agreement in *National Fair Housing Alliance, et al. v. Wells Fargo Bank, N.A., et al.*, HUD case number 09-12-0708-8. In consideration of the receipt of funds pursuant to the terms of that certain UrbanLIFT™ Program Grant Agreement, the undersigned hereby forever waives, releases and covenants not to sue Wells Fargo Bank, N.A. ("Wells Fargo"), any and all parents, successors, subsidiaries, and affiliates of Wells Fargo, and any and all directors, officers, or employees of Wells Fargo from any and all claims, damages, injuries, and causes of action of any type, whether known or unknown, arising out of the facts alleged in or the subject matter of HUD Case No. 09-12-0708-8 or that could have been filed in any action or suit arising from such facts or subject matter.

The undersigned individual warrants that his or her execution of this Release is duly authorized, executed and delivered by and for the entity or entities for which he or she signs and any affiliates of that entity or entities. Nothing in this Release shall be deemed or construed to be an admission of liability on the part of any party. This Release shall bind the successors and assigns of the undersigned.

Executed on this 31<sup>st</sup> day of January, ~~2015~~ <sup>2014</sup> ✓



BY:

Donald Gilmore, Executive Director  
Name:  
Title:

Address:

1535 "A" Fred Jackson Way  
Richmond CA 94801

**EXHIBIT C**  
**Licensed Marks and Sponsorship Logo Standards**

This document includes sponsorship logo standards that are intended to cover ONLY print applications (eg. program ads, ticket backs, etc.) of the Wells Fargo logo.

The Wells Fargo logo appears in Wells Fargo red and Wells Fargo yellow. Use the black 1-color version only for one- or two-color (black plus one color) applications such as newspaper advertising or forms.

**Preferred**

**1-Color  
100% Black**

**CMYK logo**



**Print logo colors**

Wells Fargo's logo colors must appear exactly the same every time they are used. On printed materials, Wells Fargo's logo colors — NWA Red and NWA Yellow — must always match their CMYK formula respectively, whether printing on coated or uncoated stock. Never substitute other colors. This is especially important since certain paper stocks and different types of media may alter the way a color looks when reproduced. For this reason, a color check while the job is on press or in final production is essential. Drawdowns are strongly recommended in all cases.

**NWA red:** C: 10 M: 100 Y: 80 K: 20

**NWA yellow:** C: 0 M: 20 Y: 100 K: 0

**Online logo colors**

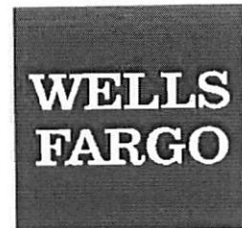
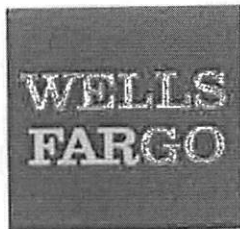
Below are the online color values of NWA red and NWA yellow.

**NWA Red:** R: 187 G: 8 B: 38 HEX: BB0826

**NWA Yellow:** R: 252 G: 198 B: 10 HEX: FCC60A

**Electronic Graphics:**

The following electronic graphics may be used in conjunction with this Agreement, as described in this **Exhibit D** and in the Agreement.



## COMMUNITY HOUSING DEVELOPMENT CORPORATION

### REFERENCES

Norma W. Thompson  
Housing Development Manager  
City of Oakland  
Dept. of Housing & Community Development  
250 Frank Ogawa Plaza, 5<sup>th</sup> Floor  
Oakland, CA 94612  
(510) 238-7137 Office  
(510) 238-3691 Fax  
[NThompson@oaklandnet.com](mailto:NThompson@oaklandnet.com)

Kara Douglas  
Affordable Housing Program Manager  
Contra Costa County  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA  
(925) 674-7880 Office  
[Kara.Douglas@dcd.cccounty.us](mailto:Kara.Douglas@dcd.cccounty.us)

Nichola Davis  
Branch Manager  
Bank of the West  
11100 San Pablo Avenue  
El Cerrito, CA 94530  
(510) 235-2980 Office  
(510) 235-0418 Fax  
(800) 488-2265 Toll Free  
[ndavis@bankofthewest.com](mailto:ndavis@bankofthewest.com)

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CHDC – City of Vallejo FY 2015-2016 CDBG/HOME Proposal  
Homeownership Acquisition/Rehab

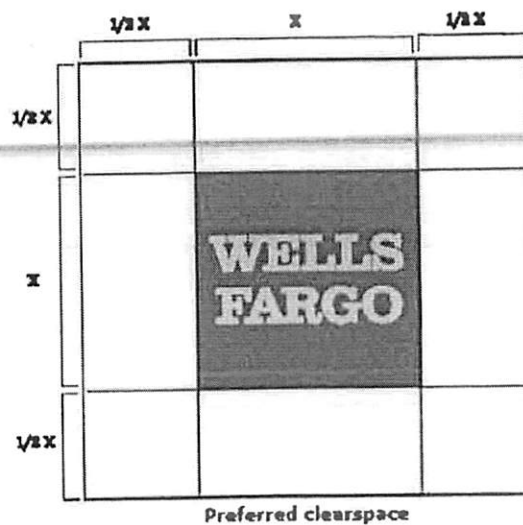
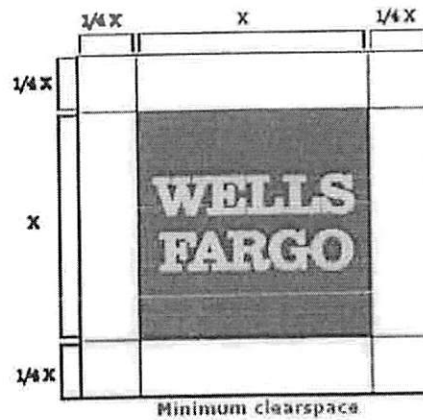


## Clearspace and size

Clearspace frames the logo, separating it from other elements such as headlines, text, imagery, and the outside edge of printed materials.

Always leave the minimum amount of clearspace around the logo to maximize impact. In print, the preferred clearspace is half the height or width of the logo on each side. The absolute minimum clearspace requirement is a quarter of the height or width of the logo on each side. Online, the logo clearspace requirement is at least 10 pixels.

In all cases the Wells Fargo logo should be clearly depicted and the size of the logo will depend on the size of the materials. In print, the minimum size of the NWA logo is 0.5 inch. Online, our logo should not appear smaller than 45 pixels and should always be a perfect square. NOTE: the minimum size of our online logo needs to be provided by Wells Fargo, because it is a specially built file.



# Additional Information

References

Insurance Coverage and Workers Compensation





# COMMUNITY HOUSING DEVELOPMENT CORPORATION

## REFERENCES

Norma W. Thompson  
Housing Development Manager  
City of Oakland  
Dept. of Housing & Community Development  
250 Frank Ogawa Plaza, 5<sup>th</sup> Floor  
Oakland, CA 94612  
(510) 238-7137 Office  
(510) 238-3691 Fax  
[NThompson@oaklandnet.com](mailto:NThompson@oaklandnet.com)

Kara Douglas  
Affordable Housing Program Manager  
Contra Costa County  
Department of Conservation and Development  
30 Muir Road  
Martinez, CA  
(925) 674-7880 Office  
[Kara.Douglas@dcd.cccounty.us](mailto:Kara.Douglas@dcd.cccounty.us)

Nichola Davis  
Branch Manager  
Bank of the West  
11100 San Pablo Avenue  
El Cerrito, CA 94530  
(510) 235-2980 Office  
(510) 235-0418 Fax  
(800) 488-2265 Toll Free  
[ndavis@bankofthewest.com](mailto:ndavis@bankofthewest.com)

**ACORD™ CERTIFICATE OF LIABILITY INSURANCE** DATE (MM/DD/YYYY)  
1/27/2015

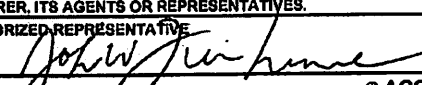
<b>PRODUCER (510) 235-0353</b> <b>M A Hays Insurance</b> <b>CA License #0094750</b> <b>232 Broadway</b> <b>Richmond CA 94804</b>	<b>THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW.</b>												
<b>INSURED</b> <b>Community Housing Dev. Corp Of North Richmond</b> <b>1535A Fred Jackson Way</b> <b>Richmond CA 94801</b>	<table border="1" style="width: 100%; border-collapse: collapse;"> <tr> <th style="text-align: left;">INSURERS AFFORDING COVERAGE</th> <th style="text-align: left;">NAIC #</th> </tr> <tr> <td>INSURER A: <b>Travelers Ins.</b></td> <td></td> </tr> <tr> <td>INSURER B: <b>AmTrust Ins. Co.</b></td> <td></td> </tr> <tr> <td>INSURER C:</td> <td></td> </tr> <tr> <td>INSURER D:</td> <td></td> </tr> <tr> <td>INSURER E:</td> <td></td> </tr> </table>	INSURERS AFFORDING COVERAGE	NAIC #	INSURER A: <b>Travelers Ins.</b>		INSURER B: <b>AmTrust Ins. Co.</b>		INSURER C:		INSURER D:		INSURER E:	
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INSURER C:													
INSURER D:													
INSURER E:													

**COVERAGES**

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR	ADD'L LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YYYY)	POLICY EXPIRATION DATE (MM/DD/YYYY)	LIMITS
		<b>GENERAL LIABILITY</b> <input type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS MADE <input type="checkbox"/> OCCUR  GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC				EACH OCCURRENCE \$ DAMAGE TO RENTED PREMISES (Ea occurrence) \$ MED EXP (Any one person) \$ PERSONAL & ADV INJURY \$ GENERAL AGGREGATE \$ PRODUCTS - COM/OP AGG \$
		<b>AUTOMOBILE LIABILITY</b> <input type="checkbox"/> ANY AUTO <input type="checkbox"/> ALL OWNED AUTOS <input type="checkbox"/> SCHEDULED AUTOS <input type="checkbox"/> HIRED AUTOS <input type="checkbox"/> NON-OWNED AUTOS				COMBINED SINGLE LIMIT (Ea accident) \$ BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$
		<b>GARAGE LIABILITY</b> <input type="checkbox"/> ANY AUTO				AUTO ONLY - EA ACCIDENT \$ OTHER THAN EA ACC AUTO ONLY: AGG \$
		<b>EXCESS/UMBRELLA LIABILITY</b> <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS MADE  DEDUCTIBLE RETENTION \$				EACH OCCURRENCE \$ AGGREGATE \$ \$ \$
B		<b>WORKERS COMPENSATION AND EMPLOYERS' LIABILITY</b> ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? If yes, describe under SPECIAL PROVISIONS below	TWC335050	02/19/2014	02/19/2016	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input checked="" type="checkbox"/> OTHER E.L. EACH ACCIDENT \$ 1,000,000 E.L. DISEASE - EA EMPLOYEE \$ 1,000,000 E.L. DISEASE - POLICY LIMIT \$ 1,000,000
A		<b>OTHER Directors and Officers</b>	105618912	5/24/2014	5/24/2017	D&O \$1,000,000 EPLI \$1,000,000

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS

<b>CERTIFICATE HOLDER</b>  <b>CITY OF VALLEJO</b> <b>Housing &amp; Community Development</b> <b>Department</b> <b>200 GEORGIA STREET</b> <b>VALLEJO, CA 94590</b>	<b>CANCELLATION</b> SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE ISSUING INSURER WILL ENDEAVOR TO MAIL <u>30</u> DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED TO THE LEFT, BUT FAILURE TO DO SO SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER, ITS AGENTS OR REPRESENTATIVES. AUTHORIZED REPRESENTATIVE 
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# CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)  
01/28/2015

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

**IMPORTANT:** If the certificate holder is an **ADDITIONAL INSURED**, the policy(ies) must be endorsed. If **SUBROGATION IS WAIVED**, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER 0726293 1-415-546-9300  
Arthur J. Gallagher & Co.  
Insurance Brokers of California, Inc., License #0726293  
1255 Battery Street #450  
San Francisco, CA 94111

CONTACT NAME:	
PHONE (A/C, No, Ext):	FAX (A/C, No):
E-MAIL ADDRESS:	
INSURER(S) AFFORDING COVERAGE	
NAIC #	
INSURER A: PHILADELPHIA IND INS CO	18058
INSURER B:	
INSURER C:	
INSURER D:	
INSURER E:	
INSURER F:	

INSURED  
Community Housing Development Corporation of North  
Richmond  
1535A Fred Jackson Way  
Richmond, CA 94801

**COVERAGES**

CERTIFICATE NUMBER: 42894477

REVISION NUMBER:

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL INSR	SUBR WVD	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	GENERAL LIABILITY <input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR <input checked="" type="checkbox"/> Employee Benefits Liab			PHPK1152046	04/01/14	04/01/15	EACH OCCURRENCE \$ 1,000,000 DAMAGE TO RENTED PREMISES (Ea occurrence) \$ 1,000,000 MED EXP (Any one person) \$ 15,000 PERSONAL & ADV INJURY \$ 1,000,000 GENERAL AGGREGATE \$ 2,000,000 PRODUCTS - COMP/OP AGG \$ 2,000,000 \$
GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO. JECT <input checked="" type="checkbox"/> LOC							
A	AUTOMOBILE LIABILITY <input checked="" type="checkbox"/> ANY AUTO ALL OWNED AUTOS <input checked="" type="checkbox"/> HIRED AUTOS Comp Ded: <input type="checkbox"/> SCHEDULED AUTOS NON-OWNED AUTOS Coll Ded: <input checked="" type="checkbox"/>			PHPK1152046	04/01/14	04/01/15	COMBINED SINGLE LIMIT (Ea accident) \$ 1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ Comp Ded: \$1,000 \$ Coll Ded: \$1,000
A	<input checked="" type="checkbox"/> UMBRELLA LIAB <input type="checkbox"/> EXCESS LIAB DED <input checked="" type="checkbox"/> RETENTION \$ 10,000			PHUB454065	04/01/14	04/01/15	EACH OCCURRENCE \$ 10,000,000 AGGREGATE \$ 10,000,000 \$ WC STATUTORY LIMITS OTH-ER
	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory In NH) If yes, describe under DESCRIPTION OF OPERATIONS below						E.L. EACH ACCIDENT \$ E.L. DISEASE - EA EMPLOYEE \$ E.L. DISEASE - POLICY LIMIT \$
A	<input checked="" type="checkbox"/> Employee Theft/Dishonesty			PHPK1152046	04/01/14	04/01/15	Limit 500,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (Attach ACORD 101, Additional Remarks Schedule, if more space is required)

Included as Additional Insured as respects General Liability per attached endorsement form CG 20 26 07 04:  
The City of Vallejo, its officers, officials, employees, agents, and volunteers

**CERTIFICATE HOLDER****CANCELLATION**

The City of Vallejo  
200 Georgia Street  
Vallejo, CA 94590  
USA

SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.  
AUTHORIZED REPRESENTATIVE

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**THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.**

**ADDITIONAL INSURED – DESIGNATED  
PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name Of Additional Insured Person(s) Or Organization(s)
<p>The City of Vallejo 200 Georgia Street Vallejo, CA 94590 USA</p>
<p>Information required to complete this Schedule, if not shown above, will be shown in the Declarations.</p>

**Section II – Who Is An Insured** is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule, but only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by your acts or omissions or the acts or omissions of those acting on your behalf:

- A. In the performance of your ongoing operations; or
- B. In connection with your premises owned by or rented to you.



# EVIDENCE OF COMMERCIAL PROPERTY INSURANCE

DATE (MM/DD/YYYY)  
01/28/2015

THIS EVIDENCE OF COMMERCIAL PROPERTY INSURANCE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE ADDITIONAL INTEREST NAMED BELOW. THIS EVIDENCE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS EVIDENCE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE ADDITIONAL INTEREST.

PRODUCER NAME, CONTACT PERSON AND ADDRESS Arthur J. Gallagher & Co. Insurance Brokers of California, Inc., License #0726293 1255 Battery Street #450 San Francisco, CA 94111		PHONE (A/C, No., Ext): 1-415-546-9300 0726293	COMPANY NAME AND ADDRESS PHILADELPHIA IND INS CO	NAIC NO: 18058
FAX (A/C, No): E-MAIL ADDRESS:		IF MULTIPLE COMPANIES, COMPLETE SEPARATE FORM FOR EACH		
CODE: AGENCY CUSTOMER ID #:		POLICY TYPE		
NAMED INSURED AND ADDRESS Community Housing Development Corporation of North Richmond 1535A Fred Jackson Way Richmond, CA 94801		LOAN NUMBER	POLICY NUMBER PHPK1152046	
ADDITIONAL NAMED INSURED(S)		EFFECTIVE DATE 04/01/14	EXPIRATION DATE 04/01/15	<input type="checkbox"/> CONTINUED UNTIL TERMINATED IF CHECKED
THIS REPLACES PRIOR EVIDENCE DATED:				

### PROPERTY INFORMATION (Use REMARKS on page 2, if more space is required) BUILDING OR BUSINESS PERSONAL PROPERTY

LOCATION/DESCRIPTION

THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS EVIDENCE OF PROPERTY INSURANCE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

### COVERAGE INFORMATION PERILS INSURED BASIC BROAD SPECIAL

COMMERCIAL PROPERTY COVERAGE AMOUNT OF INSURANCE: \$ 25,575,845		DED: 5,000	
	YES	NO	N/A
<input checked="" type="checkbox"/> BUSINESS INCOME <input checked="" type="checkbox"/> RENTAL VALUE	x		
			If YES, LIMIT: 3,970,929 <input checked="" type="checkbox"/> Actual Loss Sustained; # of months: 12
BLANKET COVERAGE	x		
			If YES, indicate value(s) reported on property identified above: \$
TERRORISM COVERAGE	x		
			Attach Disclosure Notice / DEC
IS THERE A TERRORISM-SPECIFIC EXCLUSION?	x		
IS DOMESTIC TERRORISM EXCLUDED?	x		
LIMITED FUNGUS COVERAGE	x		
			If YES, LIMIT: \$50,000 DED:
FUNGUS EXCLUSION (If "YES", specify organization's form used)	x		
REPLACEMENT COST	x		
AGREED VALUE	x		
COINSURANCE		x	
			If YES, %
EQUIPMENT BREAKDOWN (If Applicable)	x		
			If YES, LIMIT: Included DED: \$5,000
ORDINANCE OR LAW - Coverage for loss to undamaged portion of bldg	x		
- Demolition Costs	x		
			If YES, LIMIT: \$2mil/\$5mil DED: \$5,000
- Incr. Cost of Construction	x		
			If YES, LIMIT: \$2mil/\$5mil DED: \$5,000
EARTH MOVEMENT (If Applicable)		x	
			If YES, LIMIT: DED:
FLOOD (If Applicable)		x	
			If YES, LIMIT: DED:
WIND / HAIL (If Subject to Different Provisions)	x		
			If YES, LIMIT: DED:
PERMISSION TO WAIVE SUBROGATION IN FAVOR OF MORTGAGE HOLDER PRIOR TO LOSS	x		

### CANCELLATION SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.

<input type="checkbox"/> MORTGAGEE <input type="checkbox"/> LENDERS LOSS PAYABLE LENDER AND ADDRESS City of Vallejo 200 Georgia Street Vallejo, CA 94590 USA	<input type="checkbox"/> CONTRACT OF SALE	LENDER SERVICING AGENT NAME AND ADDRESS  AUTHORIZED REPRESENTATIVE <i>J. E. [Signature]</i>
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**EVIDENCE OF COMMERCIAL PROPERTY INSURANCE REMARKS - Including Special Conditions (Use only if more space is required)**

Blanket Limits: Building: \$25,575,845 ,Business Income/Extra Expense: \$3,970,929 .

48 Hour Deductible for Business Income/Rental Value: 2% Deductible Earthquake Sprinkler Leakage.