CalCHA
CALIFORNIA COMMUNITY HOUSING AGENCY

Kings County Government Center
1400 W. Lacey Boulevard
Hanford, California 93230
☎ (559) 852- 2362 FAX (559) 585-8047

Agenda

Tuesday, July 28, 2026

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

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

The meeting can be attended on the Internet by clicking this link:
https://teams.microsoft.com/meet/213482310391959?p=mCAWqtdp6ALtDsJskv
or by sending an email to bosquestions@co.kings.ca.us on the morning of the meeting for an automated email response with the Microsoft Teams meeting link information. Members of the public attending via Microsoft Teams will have the opportunity to provide public comment during the meeting. Remote Microsoft Teams participation for members of the public is provided for convenience only. In the event that the Microsoft Teams connection malfunctions or becomes unavailable for any reason, the Board of Supervisors reserves the right to conduct the meeting without remote access. *Microsoft Teams will be available for access at 10:55 a.m.

1. **CALL TO ORDER**
   ROLL CALL – Clerk to the Board

2. **APPROVAL OF MINUTES**
   a. Approval of the minutes from the June 30, 2026 regular meeting.

3. **CONSENT CALENDAR**
   a. Consideration of approving audited CalCHA Financial statements through June 30, 2025.

4. **PUBLIC COMMENT**

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

5. **STAFF UPDATES**

6. **ADJOURNMENT**

Adjourn as the California Community Housing Agency.

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Action Summary

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1. **CALL TO ORDER**
   ROLL CALL – Clerk to the Board
   ALL MEMBERS PRESENT

2. **APPROVAL OF MINUTES**
   a. Approval of the minutes from the June 23, 2026 regular meeting.
   PUBLIC: NONE
   ACTION: APPROVE AS PRESENTED (DV, JN, RV, RT, RR - Aye)

3. **NEW BUSINESS**
   a. Consideration of approving the exercise of the first five-year Renewal Term of the Services Agreement with GPM Municipal Advisors, LLC and Compliance Services, LLC, and authorizing the Chair to execute and deliver written notice of renewal pursuant to Section 4, extending the term through July 6, 2031. (Redwood Public Law – John Bakker)
   PUBLIC: NONE
   ACTION: APPROVE AS PRESENTED (DV, JN, RV, RT, RR – Aye)

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

5. **STAFF UPDATES**
Caitlin Lanctot stated she is excited to continue the contract for the next five years.

6. **ADJOURNMENT**

WIPFLI

10000 Innovation Drive
Suite 250
Milwaukee, WI 53226

Wipfli LLP
414 431 9300
wipfli.com

July 17, 2026

Board of Directors
California Community Housing Agency
Hanford, California

Dear Board of Directors:

We have audited the financial statements of California Community Housing Agency (the "Agency") for the year ended June 30, 2025, and have issued our report thereon dated June 30, 2026. Professional standards require that we provide you with the following information related to our audit:

Our Responsibility Under Auditing Standards Generally Accepted in the United States

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

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

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

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

Other Information in Documents Containing Audited Financial Statements

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

Planned Scope and Timing of the Audit

We performed the audit according to the planned scope and timing previously communicated to you in our discussions about planning matters, in addition to our engagement letter dated November 6, 2025, accepted by Mr. Michael LaPierre.

Qualitative Aspects of Accounting Practices

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

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

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

- The disclosure of revenue recognition methodologies for each revenue stream in Note 1.
- The disclosure of subsequent events in Note 1
- The disclosure of related party transactions and significant contracts in Note 6.
- The disclosure of financial difficulties of several of the properties in the Affordable Housing Asset Ownership Division in Note 8

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in the management representation letter dated June 30, 2026, a copy of which accompanies this letter.

Management Consultations with Other Accountants

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

Other Audit Findings or Issues

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

Internal Control Matters

In planning and performing our audit of the financial statements of the Authority as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Segregation of Duties

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

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

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

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

Sincerely,

Wipfli LLP

Wipfli LLP

California Community Housing Agency

Financial Statements and
Supplementary Information

Year Ended June 30, 2025

CalCHA
CALIFORNIA COMMUNITY HOUSING AGENCY

WIPFLI

Independent Auditor's Report

Board of Directors
California Community Housing Agency
Hanford, California

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of California Community Housing Agency, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise California Community Housing Agency's basic financial statements

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the financial position of California Community Housing Agency as of June 30, 2025, and its changes in financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of California Community Housing Agency and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Covenant Violations

As described in Note 8 to the financial statements, three of the Projects owned by California Community Housing Agency experienced unforeseen operating challenges that have hindered their ability to meet debt service coverage requirements required under their bond indentures as of and for the year ended June 30, 2025. There is substantial doubt about these Projects' ability to continue as a going concern for a reasonable period of time. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about California Community Housing Agency's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of California Community Housing Agency's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about California Community Housing Agency's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise California Community Housing Agency's financial statements. The divisional statements of net position as of June 30, 2025 and the divisional statements of revenues, expenses, and change in net position for the year ended June 30, 2025, are presented for purposes of additional analysis and are not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Wipfli LLP

Wipfli LLP
Milwaukee, Wisconsin

June 30, 2026

California Community Housing Agency
Statement of Net Position

June 30,		2025
Assets		
Current assets:		
Cash and cash equivalents	$	10,430,599
Restricted cash and cash equivalents		11,340,506
Restricted investments		178,032,693
Tenant accounts receivable, net		1,036,436
Prepaid expenses and other assets		6,841,409
Lease receivable, current portion		10,458,724
Total current assets		218,140,367
Capital assets, net		1,868,676,924
Leasing commissions, net		92,900
Property tax receivable		1,049,295
Lease receivable, net of current portion		6,962,454
Total assets	$	2,094,921,940
Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)		
Current liabilities:		
Accounts payable and other accrued expenses	$	5,244,770
Accrued interest		64,088,706
Tenant security deposits		4,860,705
Bonds payable, net		549,336,413
Total current liabilities		623,530,594
Due to Catalyst Housing Group, LLC		1,300,000
Long-term bonds payable		1,856,850,728
Total liabilities		2,481,681,322
Deferred inflow of resources		18,360,517
Net position (deficit):		
Net investment in capital assets		(601,598,923)
Restricted for reserve fund		250,000
Restricted for debt service		189,167,238
Unrestricted		7,061,786
Total net position (deficit)		(405,119,899)
Total liabilities, deferred inflow of resources, and net position (deficit)	$	2,094,921,940

See accompanying notes to financial statements.

California Community Housing Agency

Statement of Revenues, Expenses and Change in Net Position

For the year ended June 30,	2025
Net rental revenues	$ 121,789,508
Operating expenses	105,859,424
Operating income before impairment loss	15,930,084
Impairment loss on property	(25,010,370)
Net operating loss	(9,080,286)
Nonoperating revenues (expenses):	
Interest income	5,601,788
Loss on disposal of property and equipment	(832,626)
Interest expense	(95,629,163)
Gain on insurance claim proceeds	7,431,409
Net nonoperating expenses	(83,428,592)
Change in net position	(92,508,878)
Total net position (deficit) - Beginning	(312,611,021)
Total net position (deficit) - Ending	$ (405,119,899)

See accompanying notes to financial statements.

California Community Housing Agency

Statements of Cash Flows

For the year ended June 30,		2025
Cash flows from operating activities:		
Cash received from customers	$	122,331,798
Cash paid to suppliers and service providers		(47,703,895)
Net cash, cash equivalents, and restricted cash from operating activities		74,627,903
Cash flows from capital and related financing activities:		
Purchases of capital assets		(9,529,435)
Proceeds from bond issuance		126,066
Proceeds from bond premium		(97,532)
Principal payments on bonds		(7,485,000)
Interest payments on long-term debt		(93,317,626)
Due to Catalyst Housing Group, LLC		7,431,409
Net cash, cash equivalents, and restricted cash from capital and related financing activities		(102,872,118)
Cash flows from investing activities:		
Net change in restricted investments		31,849,154
Interest income		5,601,789
Net cash, cash equivalents, and restricted cash from investing activities		37,450,943
Net change in cash, cash equivalents, and restricted cash		9,206,728
Cash, cash equivalents, and restricted cash - Beginning of year		12,564,377
Cash, cash equivalents, and restricted cash - End of year	$	21,771,105

California Community Housing Agency

Statements of Cash Flows (Continued)

For the year ended June 30,		**2025**
Schedule reconciling operating income to net cash and cash equivalents from operating activities:		
Operating loss	$	(9,080,286)
Adjustments to reconcile net operating income to net cash, cash equivalents, and restricted cash from operating activities:		
Depreciation and amortization		59,849,823
Impairment loss on property		25,010,370
Changes in operating assets and liabilities:		
Tenant accounts receivable		324,325
Property taxes and other receivables		739,170
Security deposits receivable		461,569
Lease receivable		(3,400,793)
Prepaid expenses and other assets		(1,183,310)
Accounts payable and other accrued expense		(707,423)
Deferred inflow of resources		2,779,282
Tenant security deposits		(164,824)
Total adjustments		(1,152,004)
Net cash, cash equivalents, and restricted cash from operating activities	$	74,627,903
Cash and cash equivalents, and restricted cash:		
Cash and cash equivalents	$	10,430,599
Restricted cash and cash equivalents:		
Tenant security deposit funds		3,850,638
Restricted cash equivalents in accordance with bond indenture		7,283,907
Restricted cash - Professional reserve		205,961
Total cash, cash equivalents, and restricted cash	$	21,771,105
Supplemental cash flow information:		
Noncash financing activities:		
Change in accrued interest	$	(6,405,723)
Amortization of bond premium		4,502,379
Amortization of bond discount		(408,193)
Noncash capital activity:		
Loss on disposal of property and equipment	$	832,626

See accompanying notes to financial statements.

Note 1: Summary of Significant Accounting Policies

Nature of Organization

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

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

CalCHA is comprised of the following divisions:

Core Bond Issuance Operations Division ("CalCHA Core")

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

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

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

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

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

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

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

Creekwood Apartments in Hayward, CA ("Creekwood")

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

Glendale Properties in Glendale, CA ("Glendale")

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Nature of Organization (Continued)

Aster Apartments in Dublin, CA ("Aster")

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

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

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

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

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

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

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

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

Basis of Accounting and Management Focus

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

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

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

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

Use of Estimates

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

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

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

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

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

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

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

Fair Value Measurements

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

Tenant Accounts Receivable

Tenant accounts receivable are uncollateralized rents which are due the beginning of each month. Payments of tenant receivables are allocated to the specific charges identified on the tenant's remittance or, if unspecified, are applied to past due balances first, then the current unpaid charges. Management individually reviews all tenant receivables and based on an assessment of current creditworthiness, estimates the portion, if any, of the balance that will not be collected. Actual losses, when realized, have been within the range of management's expectations. Management has recorded an allowance for doubtful accounts of $946,761 as of June 30, 2025.

Tenant Security Deposits

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

Note 1: Summary of Significant Accounting Policies (Continued)

Capital Assets

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

The projects review their long-lived assets periodically to determine potential impairment by comparing the carrying value of those assets with the estimated future undiscounted cash flows expected to result from the use of the assets, including cash flows from disposition. Should the sum of the expected future undiscounted cash flows be less than the carrying value, the Projects would recognize an impairment loss at that time. An impairment loss was recognized in 2025 - see Subsequent Events and Note 4.

Deferred Outflows/Inflows of Resources

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

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

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

Debt issuance costs include all costs incurred to issue the bonds. Debt issuance costs are expensed in the period incurred. No new debt was issued during the year ended June 30, 2025.

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

Note 1: Summary of Significant Accounting Policies (Continued)

Restricted Cash and Net Position

Net position of CalCHA is classified in three components:

- *Net investment in capital assets* consists of capital assets, including bond proceeds held for capital assets, net of accumulated depreciation and reduced by any outstanding borrowings used to finance the purchase or construction of those assets.

- *Restricted for Reserve Fund*, in accordance with the Services Agreement dated February 5, 2019, the Agency established a Reserve Fund for the purpose of making payments to service providers. The Reserve Fund is utilized for legal, legislative representation, accounting, consulting, professional, and other service fees incurred in connection with the Agency or the Asset Ownership Program. The Reserve Fund is funded with five percent (5%) of the gross issuance fees and annual administrative fees collected from borrowers until it reaches a total of two hundred fifty thousand dollars ($250,000).

- *Restricted for debt service* is net position that is restricted for the future payment of debt and is required to be held under an agreement with the Trustee.

- *Unrestricted net position* is the remaining net position that does not meet the definition of net investment in capital assets or restricted net position.

Income Taxes

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

Advertising Expenses

Advertising and promotional costs are expensed as incurred. Advertising and promotional expenses charged to expense totaled approximately $1,075,323 for the year ended June 30, 2025.

Note 1: Summary of Significant Accounting Policies (Continued)

Revenue Recognition

CalCHA Core

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

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

Asset Ownership Program Revenues

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

Retail units are rented under operating lease agreements with terms ranging from 3 to 5 years and the option to renew after the initial term has passed. Rental income from retail tenants is recognized in accordance with GASB 87, Leases, using a method that represents a straight-line basis over the term of the lease, which averages minimum required rents over the terms of the lease. Rental payments received in advanced are deferred until earned.

GASB 87 Lease Accounting

The GASB issued Statement No. 87, *Leases* (Statement 87), established a single leasing model for accounting and reporting purposes. Under this guidance, lessors are be required to recognize a lease receivable and a deferred inflow of resources for substantially all leases with lease terms in excess of twelve months.

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

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

Note 1: Summary of Significant Accounting Policies (Continued)

GASB 87 Lease Accounting (Continued)

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

Subsequent Events

The Agency has evaluated subsequent events through , which is the date the financial statements were available to be issued.

The Serenity division completed the sale of its property for total gross proceeds of $170,150,000 on March 24, 2026. As discussed in Note 4, the Project recognized an impairment loss of $25,010,370 as of June 30, 2025 to reduce the carrying value of the property to its estimated fair value, which was based on the expected sale price. Management evaluated this transaction and determined that it provides additional evidence about conditions that existed as of June 30, 2025. Accordingly, the accompanying financail statements reflect the impairment recognized at year-end.

Note 2: Deposits and Investments

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

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

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

Credit Risk - Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At June 30, 2025, the Agency's investments were not rated.

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

Although not part of the Asset Ownership Program's Indentures, included in restricted cash and cash equivalents are tenant security deposits of $3,850,638 as of June 30, 2025. As such, these amounts are not included in the table below summarizing restricted cash and investments by fund.

Note 2: Deposits and Investments (Continued)

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

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

June 30,	**2025**
Annadel	$ 10,497,061
Verdant	11,105,534
Serenity	12,021,895
The Arbors	5,532,336
Stoneridge	9,495,146
Creekwood	13,701,904
Glendale	34,677,647
Mira Vista	7,195,387
Aster	13,273,389
The Fountains	17,449,813
The Exchange	8,818,405
Summit	10,669,250
K Street Flats	17,885,018
Twin Creeks	5,709,908
Total	$ 178,032,693

Total restricted assets as of June 30, 2025 are summarized as follows:

	2025
Restricted cash and cash equivalents held by CalCHA Core (for the Reserve Fund, as described in Note 1)	$ 205,961
Restricted assets - tenant security deposits (see above)	3,850,638
Restricted cash with bond indenture	7,283,907
Restricted assets under trust indentures (see above)	178,032,693
Total restricted assets	189,373,199
Restricted cash and cash equivalents per the statement of net position	11,340,506
Restricted investment per the statement of net position	178,032,693
Total restricted assets per the statement of net position	$ 189,373,199

Note 3: Fair Value Measurements

Information regarding assets at fair value on a recurring basis as of June 30, 2025, is as follows:

		Recurring Fair Value Measurements Using		
As of June 30, 2025	Total Assets at Fair Value	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Money market funds - CalCHA Core	$ 4,480,138	$ -	$ 4,480,138	$ -
Money market funds - Asset Ownership Program	58,328,864	-	58,328,864	-
Guaranteed investment contracts - Asset Ownership Program	119,703,829	-	119,703,829	-
Total	$ 182,512,831	$ -	$ 182,512,831	$ -

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

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

Guaranteed investment contracts - The fair value of guaranteed investment contracts are based on inputs that are observable, such as quoted prices for similar assets in active markets, interest rates, yield curve, volatilities, and credit risk. Interest rates range from 0.90% to 5.21%. The contract issuer is contractually obligated to repay the principal and interest at the specified interest rate that is guaranteed to the investment holder by the contract. The Agency may withdraw the full principal balance on deposit, terminating the contract, at any time.

Note 4: Capital Assets

The following is a summary of changes in the Asset Ownership Program's capital assets for the year ended June 30, 2025:

Year Ended June 30, 2025	Beginning Balance	Additions	Disposals and Retirements	Ending Balance
Land	$ 478,982,051	$ -	$ -	$ 478,982,051
Construction in progress	354,365	-	(354,365)	-
Land improvements	158,996	-	-	158,996
Buildings	1,599,284,035	-	-	1,599,284,035
Building improvements	59,593,475	9,318,605	(672,669)	68,239,411
Furniture and fixtures	1,899,660	170,468	-	2,070,128
Software	682,723	40,362	-	723,085
Total capital assets, being depreciated	2,140,955,305	9,529,435	(1,027,034)	2,149,457,706
Less: Accumulated depreciation/amortization	195,993,627	59,845,127	(68,342)	255,770,412
Less: Impairment loss	-	-	25,010,370	25,010,370
Total	$ 1,944,961,678	$ (50,315,692)	$ 1,095,376	$ 1,868,676,924

During the year ended June 30, 2025, the Serenity project identified indicators of impairment related to its rental property located in Larkspur, California, including declining market conditions and management's intention to sell the property. In evaluating recoverability of the property's carrying value, management considered the expected sales price of the property based on negotiations and market data available as of year-end. Based on this analysis, Serenity concluded that the carrying value was not recoverable. Serenity recorded an impairment loss of $25,010,370, reducing the carrying value of the property from $197,885,556 to its estimated fair value of $172,875,186 as of June 30, 2025. The estimated fair value was based on the sales price finalized subsequent to year-end (Refer to Note 1, Subsequent Events), which management determined to be indicative of conditions that existed as of June 30, 2025.

Note 5: Bond Obligations

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

	Original Face Value of Bond Obligations	Interest Rate	Term (Years)	Maturity Date	Balance at June 30, 2025
Annadel:					
Series 2019A Bonds	$ 189,335,000	5%	30	April 2049	$ 189,335,000
Series 2019B Bonds	5,000,000	10%	30	April 2049	5,000,000
Original issue premium	5,218,073				4,142,481
Verdant:					
Series 2019A Bonds	110,800,000	5%	30	August 2049	110,800,000
Series 2019B Bonds	5,000,000	10T	35	August 2054	5,000,000
Original issue premium	12,846,152				10,341,331
Serenity:					
Series 2020A Bonds	219,795,000	5%	30	February 2050	219,795,000
Series 2020B Bonds	6,675,000	10%	35	February 2055	6,675,000
Original issue premium	33,529,727				27,549,725
The Arbors:					
Series 2020A Bonds	57,470,000	5%	30	August 2050	55,340,000
Series 2020B Bonds	2,500,000	10%	35	August 2055	2,500,000
Original issue premium	6,559,626				5,483,800
Stoneridge:					
Series 2021A Bonds	97,270,000	4%	35	February 2056	97,270,000
Series 2021B Bonds	4,350,000	10%	40	February 2061	4,350,000
Original issue discount	7,015,112				6,163,277
Creekwood:					
Series 2021A Bonds	160,220,000	4%	35	February 2056	160,220,000
Series 2021B Bonds	5,000,000	10%	40	February 2061	5,000,000
Original issue premium	8,669,504				7,611,742
Glendale:					
Series 2021A-1 Bonds	250,000,000	4%	35	February 2056	250,000,000
Series 2021A-2 Bonds	184,220,000	4%	26	August 2047	184,220,000
Series 2021B Bonds	10,000,000	10%	40	February 2061	10,000,000
Original issue premium A-1	17,470,000				15,338,493
Original issue premium A-2	6,304,008				5,286,589
Mira Vista:					
Series 2021A Bonds	90,810,000	4%	35	February 2056	90,810,000
Series 2021B Bonds	4,000,000	10%	40	February 2061	4,000,000
Original issue premium	2,305,666				2,029,207

Note 5: Bond Obligations (Continued)

	Original Face Value of Bond Obligations	Interest Rate	Term (Years)	Maturity Date	Balance at June 30, 2025
Aster:					
Series 2021A-1 Bonds	$ 116,200,000	4%	35	February 2056	$ 116,200,000
Series 2021A-2 Bonds	57,995,000	4%	22	February 2043	51,355,000
Series 2021B Bonds	5,000,000	10%	40	February 2061	5,000,000
Original issue premium	12,386,620				10,709,644
The Fountains:					
Series 2021A-1 Bonds	133,000,000	3%	35	August 2056	133,000,000
Series 2021A-2 Bonds	78,580,000	4%	25	August 2046	77,660,000
Series 2021B Bonds	5,000,000	10%	40	August 2061	5,000,000
Original issue premium	10,349,689				8,857,604
The Exchange:					
Series 2021A-1 Bonds	72,355,000	3%	35.5	February 2057	72,355,000
Series 2021A-1T Bonds	7,095,000	4.25%	16.5	February 2038	7,095,000
Series 2021A-2 Bonds	50,775,000	4%	30	August 2051	50,775,000
Series 2021B Bonds	5,000,000	10%	40.5	February 2062	5,000,000
Original issue premium	3,883,152				3,388,896
Summit:					
Series 2021A-1 Bonds	85,400,000	3%	35	February 2057	85,400,000
Series 2021A-2 Bonds	61,915,000	4%	28	February 2050	61,745,000
Series 2021B Bonds	5,000,000	10%	40	February 2062	5,000,000
Original issue premium	4,695,634				3,742,090
K Street Flats:					
Series 2021A-1 Bonds	70,000,000	3%	35	February 2057	70,000,000
Series 2021A-2 Bonds	52,790,000	4%	28	August 2050	52,790,000
Series 2021B Bonds	5,000,000	10%	30	February 2062	5,000,000
Original issue premium	2,357,601				2,081,669
Original issue discount	(3,662,400)				(3,313,361)
Twin Creeks:					
Series 2022A-1 Bonds	68,555,000	4.5%	30	August 2052	68,555,000
Series 2022A-2 Bonds (capital appreciation bonds)	15,000,201	6.5%	43	August 2065	15,000,201
Series 2022B Bonds	17,750,000	5.5%	17.5	February 2040	17,750,000
Original issue discount	(9,157,203)				(8,221,247)
Total	$ 2,435,626,162				$ 2,406,187,141

Note 5: Bond Obligations (Continued)

Activity for the Bonds for the year ended June 30, 2025, was as follows:

	Bond Obligations	Original Issue Premiums	Original Issue Discounts	Total
Balance, beginning of year	$ 2,312,480,201	$ 117,228,927	$ (11,942,801)	$ 2,417,766,327
Principal payments	(7,485,000)	-	-	(7,485,000)
Amortization	-	(4,502,379)	408,193	(4,094,186)
Balance, end of year	$ 2,304,995,201	$ 112,726,548	$ (11,534,608)	$ 2,406,187,141

Interest payments on the Bonds are due semi-annually, except as described below. Principal payments are not to be made on the bonds unless and until such bonds are tendered to the Trustee for cancellation; however partial payments may be made from time to time at the election of CalCHA. All outstanding principal balances on the bonds as of June 30, 2025, are classified as long-term liabilities, except those which violated covenants (see Note 8).

Interest expense on capital appreciation bonds is accreted annually and paid at maturity. Capital appreciation bonds have a stated accreted value at maturity of $236,970,000 and a maturity of August 2065.

The bonds are subject to various debt service coverage ratios in the bond agreements for the individual projects. As discussed in Note 8, three of the projects (Annadel, Serenity, and Mira Vista) have failed the 1.00 : 1.00 debt service coverage ratios, resulting in the bondholders having the ability to call the debt. Although no such demand has been made, the bonds payable for those projects are included as current on the Statement of Net Position.

Additionally, there are requirements to meet higher debt service coverage ratios than 1.00 : 1.00. If the ratio calculated is not equal to or greater than these required levels, the Authority will cause the projects' Administrators to select and appoint a Housing Consultant to make written recommendations regarding improvements or changes in the operations or management, and the fees, rentals, rates and charges imposed and collected by or on behalf of the Administrators. Five projects failed these ratios: Annadel, Serenity, Mira Vista, Creekwood, and the Exchange.

Note 5: Bond Obligations (Continued)

Future principal and interest payments on the bonds as of June 30, 2025, are as follows:

	Principal	Interest	Total
2026	$ -	$ 98,423,213	$ 98,423,213
2027	-	98,423,213	98,423,213
2028	-	98,423,213	98,423,213
2029	55,000	98,423,213	98,478,213
2030	205,000	98,419,713	98,624,713
2031 - 2035	7,595,000	491,232,363	498,827,363
2036 - 2040	35,565,000	488,972,019	524,537,019
2041 - 2045	71,265,000	476,268,525	547,533,525
2046 - 2050	820,165,000	421,561,925	1,241,726,925
2051 - 2055	292,715,000	234,698,538	527,413,538
2056 - 2060	1,014,080,000	66,626,850	1,080,706,850
2061 - 2065	63,350,201	228,304,799	291,655,000
Subtotal	2,304,995,201	2,899,777,584	5,204,772,785
Less future accretion on capital appreciation bonds	15,000,201		15,000,201
Total	$ 2,289,995,000		$ 5,189,772,584

The above table presumes the bonds being paid according to their original amortization schedules. The statement of net position includes bonds recorded as current in the amount of $549,336,413, which relate to the covenant failures described above for Annadel, Serenity, and Mira Vista.

Note 6: Related-Party Transactions/Significant Contracts

CalCHA Core

CalCHA has entered into a services agreement with GPM Municipal Advisors, LLC and affiliates (GPM) for advisory, consulting, and project management services related to CalCHA's finance programs, including post-issuance management and compliance oversight. Acting as CalCHA's staff, GPM personnel implement the issuance policies established by the Board, present transactions to the Board for review and approval, and work with the financial and legal community, local agencies and regulatory bodies, and others, to ensure that bonds issued in CalCHA's name remain in good standing. The agreement expires July 6, 2026, with the option for up to three successive five-year renewal periods, and the first option has been exercised.

Under the services agreement as amended, CalCHA incurred fees to GPM of $1,175,625 for the year ended June 30, 2025. At June 30, 2025, $752,578 was payable to GPM for such services.

Asset Ownership Program

All asset ownership projects have signed project administration agreements with third-party administrators. These project administration agreements establish the terms and conditions upon which the third-party administrators shall, as independent contractors, monitor, supervise, coordinate, analyze, and report to CalCHA with respect to the projects and the project managers' performance under the individual project administration agreements. Contracts renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the project administration agreements. Fees incurred and paid to the project administrators under the administration agreements during the year ended June 30, 2025, were $3,092,780. Accrued fees at June 30, 2025 were $197,276.

The Annadel project entered into a $500,000 note payable with Catalyst Housing Group, LLC, maturing April 1, 2050. Interest bears a rate of 10% per annum, payable to the extent of available cash flow from the Annadel project. On September 29, 2021, the Annadel project entered into an additional note of $800,000 with Catalyst Housing Group, LLC, maturing April 1, 2050. Interest bears a rate of 10% per annum, payable to the extent of available cash flow, on each bond interest payment date.

All asset ownership projects have signed management agreements with third-party property managers to establish the terms and conditions for the operation and maintenance of the projects. The management agreements renew automatically on their anniversary date unless terminated as a result of circumstances as defined by the management agreements. Fees and reimbursable expenses incurred to the project managers for the management agreements during the year ended June 30, 2025 were $11,021,136. Accrued property management fees/reimbursable expenses were $250,847 at June 30, 2025.

An annual fee is also due to CalCHA's designated agent, GPM, from the individual asset ownership projects. Designated agent fees during the year ended June 30, 2025 were $310,417.

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

The asset ownership projects pay annual bond administration fees to CalCHA Core. Bond administration fees incurred during the year ended June 30, 2025, were $1,687,500. Accrued bond administration fees as of June 30, 2025 were $1,056,250. Bond issuance fees and bond administration fees are eliminated upon consolidation of CalCHA Core and the Asset Ownership Program.

Note 7: Leases

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

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

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

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

The deferred inflow of resources is initially measured at the commencement of the lease term. This is equal to the amount of the lease receivable plus any lease payments related to future periods, less any lease incentives paid to, or on behalf of, the lessee at or before the commencement of the lease term. As of June 30, 2025, the deferred inflow of resources was $18,360,517.

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

Maturities of lease receivables are as follows as of June 30, 2025:

2026	$ 10,458,724
2027	1,291,608
2028	1,177,976
2029	1,132,165
2030	980,751
2031	2,379,954
Total	$ 17,421,178

Amounts representing interest included in the table above total $2,407,829.

Note 8: Going Concern

Three of the projects (Annadel, Serenity, and Mira Vista) have experienced unforeseen operating challenges that have hindered their ability to meet debt service coverage requirements under the Indenture. This has been driven by several factors, including:

- Macroeconomic impacts of COVID-19 driving high vacancy rates
- Uncollected rent
- Pandemic-era rent restrictions given acquisition of these projects during the pandemic
- Long-term impacts of submarket rate suppression presenting challenges to program leasing and overall revenue targets relative to pre-pandemic underwriting
- Unforeseen roof replacement costs
- Water damage at Serenity due to “hundred-year storm” impacts from 2021 and 2022
- Effects of two historic wildfires that affected Annadel in 2017 and 2019 leading to significant tenant population turnover and negative effects on occupancy and revenue
- Industry-wide rising insurance and utility costs
- Insufficient initial capital expenditure funding due to oversight in third-party property condition assessments at the time of underwriting

The above factors resulted in suppressed occupancy and revenue needed to meet financial obligations. Due to the aforementioned circumstances there is substantial doubt about these projects' ability to continue as a going concern for a reasonable period of time.

Management of the projects are actively working to mitigate these conditions to improve overall market rates and restore its competitive position in the market. Management is also working to manage expenses by implementing a staffing transformation program to standardize performance and mitigate risk, reduce operating expenses by sharing resources regionally, and drive customer service excellence. In addition, as mandated by the Indentures, the projects have engaged an independent housing consultant to review project operations and make recommendations to improve debt service coverage performance. Lastly, management is actively engaged with bondholders on a capital budget reallocation to address the projects' most pressing needs.

As described in Note 1, the projects that comprise the Affordable Housing Asset Ownership Division ("Asset Ownership Program") operate independently of one another. Bonds issued for each project are specific to that project to which they are affixed and do not have interest in the other projects. Therefore the Agency's ability to continue as a going concern is not impacted by individual Projects. The accompanying financial statements do not include any adjustments, including future effects on the recoverability and classification of assets or the amounts and classifications of liabilities, that might be necessary if the projects are unable to continue as going concerns.

Note 9: Insurance Claim Proceeds

The following projects recorded proceeds from insurance claims during the year ended June 30, 2025:

Glendale

Glendale received $6,860,709 in proceeds on an insurance claim from a lawsuit with a contractor for faulty work performed on the building in prior years. The claim was settled on October 18, 2024 and, accordingly, was not recognized until the proceeds were received in 2025.

The Arbors

The Arbors received $570,700 in proceeds on an insurance claim due damage on the property from a fire that occurred during the year. The claim was settled with the insurance company on February 3, 2025, and therefore the proceeds were recognized when received in 2025.

Note 10: Contingencies

From time to time, the Authority and/or its projects are party to other pending claims and legal proceedings. While any proceeding or litigation has an element of uncertainty, management believes that the outcome of any pending or threatened actions will not have a material adverse effect on the business or financial condition of the Authority. As of June 30, 2025, the Authority is not aware of any contingencies that need to be disclosed.

California Community Housing Agency

Divisional Statements of Net Position

At June 30, 2025	CalCHA Core	Asset Ownership Program	Eliminations	Total
Assets				
Current assets:				
Cash and cash equivalents	$ 4,274,177	$ 6,156,422	$ -	$ 10,430,599
Restricted cash and cash equivalents	205,961	11,134,545	-	11,340,506
Restricted investments	-	178,032,693	-	178,032,693
Accounts receivable, related party	1,056,250	-	(1,056,250)	-
Tenant accounts receivable, net	-	1,036,436	-	1,036,436
Prepaid expenses and other assets	-	6,841,409	-	6,841,409
Lease receivable, current portion	-	10,458,724	-	10,458,724
Total current assets	5,536,388	213,660,229	(1,056,250)	218,140,367
Capital assets, net	-	1,868,676,924	-	1,868,676,924
Leasing commissions, net		92,900		92,900
Property taxes receivable	-	1,049,295	-	1,049,295
Lease receivable, net of current portion	-	6,962,454		6,962,454
Total assets	$ 5,536,388	$ 2,090,441,802	$ (1,056,250)	$ 2,094,921,940
Liabilities, Deferred Inflow of Resources, and Net Position (Deficit)				
Current liabilities:				
Accounts payable and other accrued expenses	$ 777,483	$ 5,522,287	$ (1,056,250)	$ 5,243,520
Accounts payable - from restricted assets	1,250	-	-	1,250
Accrued interest	-	64,088,706	-	64,088,706
Tenant security deposits	-	4,860,705	-	4,860,705
Bonds payable, net		549,336,413		549,336,413
Total current liabilities	778,733	623,808,111	(1,056,250)	623,530,594
Due to Catalyst Housing Group, LLC	-	1,300,000	-	1,300,000
Long-term bonds payable	-	1,856,850,728	-	1,856,850,728
Total liabilities	778,733	2,481,958,839	(1,056,250)	2,481,681,322
Deferred inflows of resources	-	18,360,517	-	18,360,517
Net position (deficit):				
Net investment in capital assets	-	(601,598,923)	-	(601,598,923)
Restricted for reserve fund	250,000	-	-	250,000
Restricted for debt service	-	189,167,238	-	189,167,238
Unrestricted	4,507,655	2,554,131	-	7,061,786
Total net position (deficit)	4,757,655	(409,877,554)	-	(405,119,899)
Total liabilities, deferred inflows of resources, and net position (deficit)	$ 5,536,388	$ 2,090,441,802	$ (1,056,250)	$ 2,094,921,940

California Community Housing Agency

Divisional Statements of Revenues, Expenses and Change in Net Position

For the Year Ended June 30, 2025	CalCHA Core	Asset Ownership Program	Eliminations	Total
Revenues:				
Net rental revenues	$ -	$ 121,789,508	$ -	$ 121,789,508
Bond administration fees	1,687,500	-	(1,687,500)	-
Total revenues	1,687,500	121,789,508	(1,687,500)	121,789,508
Operating expenses	1,320,789	106,226,135	(1,687,500)	105,859,424
Operating income before impairment loss	366,711	15,563,373	-	15,930,084
Impairment loss on property		(25,010,370)	-	(25,010,370)
Net operating loss	366,711	(9,446,997)	-	(9,080,286)
Nonoperating revenues (expenses):				
Interest income	34,891	5,566,897	-	5,601,788
Loss on disposal of property and equipment		(832,626)	-	(832,626)
Insurance claim proceeds		7,431,409	-	7,431,409
Interest expense	-	(95,629,163)	-	(95,629,163)
Net nonoperating revenue (expenses)	34,891	(83,463,483)	-	(83,428,592)
Change in net position	401,602	(92,910,480)	-	(92,508,878)
Total net position (deficit) - Beginning	4,356,053	(316,967,074)	-	(312,611,021)
Total net position (deficit) - Ending	$ 4,757,655	$ (409,877,554)	$ -	$ (405,119,899)