VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidated Financial Statements

December 31, 2015

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

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LEVITT & ROSENBLUM
CERTIFIED PUBLIC ACCOUNTANTS

10801 National Blvd., Suite 604
Los Angeles, California 90064

INDEPENDENT AUDITOR'S REPORT

The Board of Directors
Venice Community Housing Corporation:

We have audited the accompanying consolidated financial statements of Venice Community Housing Corporation, a nonprofit California corporation, and Affiliates (collectively the Organization), which comprise the consolidated statement of financial position as of December 31, 2015, and the related consolidated statement of activities 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 consolidated 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 consolidated financial statements based on our audits. We did not audit the financial statements of VCHC Pacific Apartments, LLC, which statements reflect total assets of $1,335,618 as of December 31, 2015 and total revenue of $383,231 for the year ended December 31, 2015. Those statements were audited by other auditors, whose reports have been furnished to us and our opinion, insofar as it relates to the amounts included for those controlled partnerships, is based solely on the reports of the other auditors. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the consolidated financial statements are free of 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 consolidated financial statements.

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Venice Community Housing Corporation and Affiliates as of December 31, 2015, 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.

Our audit was made for the purpose of forming an opinion on the consolidated financial statements referred to in the first paragraph taken as a whole. The accompanying information in Schedules 1 through 5 is presented for the purposes of additional analysis and are not a required part of the above consolidated financial statements. Such information has been subjected to the procedures applied in the audit of the consolidated financial statements referred to above and, in our opinion is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Levitt & Rosenblum

Los Angeles, California
September 1, 2016

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidated Statement of Financial Position

December 31, 2015

ASSETS

Cash	$	1,615,552
Restricted cash (note 3)		2,101,756
Investments (note 4)		176,876
Government contracts receivable (note 2)		111,303
Grants receivable		39,433
Accounts receivable		142,490
Prepaid expenses		16,432
Property, at cost (note 2):		
Land		6,819,825
Buildings and improvements		14,273,865
Equipment and furniture		571,915
Less: accumulated depreciation		7,283,469
Net Property		14,382,136
Real estate under development (note 5)		8,442,917
Capitalized costs, net of accumulated amortization (note 8)		259,848
Deposits		24,766
Total Assets	$	27,313,509

LIABILITIES AND NET ASSETS

Accounts payable	$	188,915
Accrued payroll and vacation		115,871
Prepaid rent		70,596
Construction cost payable		1,368,019
Short-term loan payable		20,000
Accrued interest payable (note 7)		788,217
Mortgage notes payable (notes 7 and 14)		19,328,542
Tenant security deposits		159,014
Commitments and contingencies (note 14)		
Total Liabilities		22,039,174
Net Assets:		
Unrestricted net assets		2,775,333
Unrestricted, controlling interest in limited partnerships and LLC's		808,666
Unrestricted, non-controlling interest in limited partnerships (note 2)		1,471,146
Total unrestricted net assets		5,055,145
Temporarily restricted (note 11)		219,190
Total Net Assets		5,274,335
Total Liabilities and Net Assets	$	27,313,509

See accompanying notes to consolidated financial statements.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidated Statement of Activities

Year ended December 31, 2015

Changes in unrestricted net assets:	
Revenues and Support:	
Contributions and grants	$ 678,869
Government contracts	759,862
Program service	50,000
Rental income	2,342,914
Other income	4,160
Interest income	4,125
Total unrestricted revenue	3,839,930
Net assets released from restrictions:	
Satisfaction of program restrictions	298,326
Total unrestricted revenue and other support	4,138,256
Expenses:	
Salaries	1,751,613
Payroll taxes	147,211
Employee benefits	122,869
Consultants	41,042
Job training and supplies	91,274
Education and after school programs	44,066
Rent	15,864
Legal and accounting	74,623
Office and administration	157,375
Conference, training & travel	52,846
Fundraising and outreach	54,487
Maintenance and repairs	437,572
Utilities	241,537
Insurance	360,566
Property tax and license and fees	60,328
Interest	356,258
Depreciation and amortization	423,400
Total expenses	4,432,931
Decrease in unrestricted net assets	(294,675)
Changes in temporarily restricted net assets:	
Contributions and grants	92,811
Net assets released from restrictions	(298,326)
Decrease in temporarily restricted net assets	(205,515)
Decrease in net assets	$ (500,190)
Change in net assets attributable to non-controlling interest	$ -
Change in net assets attributable to controlling interest	(500,190)
	$ (500,190)

See accompanying notes to consolidated financial statements.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidated Statement of Changes in Net Assets

Year ended December 31, 2015

Changes in Net Assets:

Net assets, unrestricted at January 1, 2015	$ 4,215,364
Partner capital contributions	1,134,456
Changes in unrestricted net assets	(294,675)
Net assets, unrestricted at December 31, 2015	$ 5,055,145
Net assets, temporarily restricted at January 1, 2015	$ 424,705
Changes in temporarily restricted net assets	(205,515)
Net assets, temporarily restricted at December 31, 2015	$ 219,190
Total net assets at December 31, 2015	$ 5,274,335

See accompanying notes to consolidated financial statements.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidated Statement of Cash Flows

Year ended December 31, 2015

CASH FLOWS FROM OPERATING ACTIVITIES:	
Change in net assets	$ (500,190)
Adjustments to reconcile change in net assets to cash flow from operating activities:	
Depreciation and amortization expense	423,400
Decrease (Increase) in Operating Assets:	
Tenant security deposits	(1,366)
Government contracts receivable	10,279
Accounts receivable	(13,159)
Grants receivable	152,734
Prepaid expenses	3,330
Deposits	(14,000)
Increase (Decrease) in Operating Liabilities:	
Accounts payable and accrued expenses	15,005
Other liabilities	(1,476)
Prepaid rent	61,802
Accrued interest payable	96,602
Tenant security deposits	2,278
Net cash provided by operating activities	235,239
CASH FLOWS FROM INVESTING ACTIVITIES:	
Net changes in property reserves and deposits	(87,886)
Net changes in investments	24,788
Payment for real estate under development	(3,621,028)
Net cash used in investing activities	(3,684,126)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Partner capital contributions	1,134,456
Proceeds from notes payable	2,601,518
Repayment of notes payable	(238,139)
Net cash provided by financing activities	3,497,835
Net increase in cash	48,948
Cash, beginning	1,566,604
Cash, ending	$ 1,615,552
Supplemental noncash investing and financing activities:	
Additional costs of rental property from capitalized interest accrual and construction costs payable	$ 1,148,326
Supplemental disclosure of cash flow information:	
cash paid for interest, net of amounts capitalized	$ 259,664

See accompanying notes to consolidated financial statements.

(1) Purpose and Activities

Venice Community Housing Corporation (VCHC) is a nonprofit California corporation organized for the purpose of providing affordable housing, economic development opportunities, and support services for low income people. This is accomplished through the acquisition, construction, rehabilitation and management of residential properties, as well as the creation of other community development initiatives including job training, childcare and after-school programs. VCHC's activities are primarily funded by grants, contributions, government contracts and rental income.

Westside Housing Corporation (WHC) is an affiliated nonprofit California corporation organized for the purpose of assisting in the development and management of affordable housing properties, primarily through the acquisition of low-income housing limited partner ownership interests, in which VCHC is the general partner.

Collectively, VCHC and its Affordable Housing Affiliates shall be referred to as the Organization.

(2) Summary of Significant Accounting Policies

Basis of Accounting

The consolidating financial statements of the Organization have been prepared using the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America and include the accounts of the Organization and investments in limited partnerships and limited liability companies. Accordingly, income is recognized as earned and expenses incurred, regardless of timing of payments. The non-controlling interests in the consolidated limited partnerships are shown separately in the components of net assets.

Principles of Consolidation

The accompanying consolidated financial statements include the accounts of VCHC, WHC plus seven affordable housing entities (Affordable Housing Affiliates), described below. These Affordable Housing Affiliates are included in the consolidation in accordance with United States generally accepted accounting principles (GAAP) which require consolidation of the all such entities which are deemed to be controlled by VCHC. WHC is consolidated because VCHC has both an economic interest and control of the organization through a majority voting interest in the governing board. All significant inter-company accounts and material transactions have been eliminated in consolidation.

The following is a summary of Affordable Housing Affiliates and the consolidated ownership information as of December 31, 2015.

Affordable Housing Affiliates	Owner Interest
Fourth Avenue Limited Partnership	100.00%
Horizon Apartments, LLC	100.00%
Navy Blue Apartments Limited Partnership	100.00%
VCHC Pacific Apartments, LLC	100.00%
12525 Washington Place, L.P.	100.00%
Westside Housing Corporation	100.00%
VCHC Gateway, L.P.	0.01%
VCHC Gateway, LLC	51.00%

(2) Summary of Significant Accounting Policies, Continued

Affordable Housing Affiliates, description:

Fourth Avenue Limited Partnership (Fourth Avenue) is a California limited partnership. The Partnership was formed in June, 1993 for the purpose of developing and operating a 25 unit low-income rental housing project in Venice, California. Development of the property was completed and rental operations began in August, 1996. Regulatory agreements entered into with the State of California and the City of Los Angeles restricts the use of this property as low-income housing. The General Partner is VCHC, which owns a 1% interest, and the Limited Partner is WHC, which owns a 99% interest in the Partnership.

Horizon Apartments, LLC (Horizon) is a California limited liability company. The LLC was formed in September, 2010, for the purpose of developing and operating a 20 unit low-income rental housing project located in Venice, California. Horizon is a single member LLC, with VCHC as its sole member. Rehabilitation of the property was completed and rental operations began in July, 2011. Regulatory agreements entered into with the State of California and City of Los Angeles restricts the use of this property as low-income housing and governs the ownership, management, maintenance and operations of the residential building.

Navy Blue Apartments Limited Partnership (Navy Blue) is a California limited partnership. The Partnership was formed in March, 1990 for the purpose of developing and operating a 14 unit low-income rental housing project located in Venice, California. The Partnership has leased the land, on which it constructed rental housing, from the City of Los Angeles. Development of the property was completed and rental operations began in July, 1994. Regulatory agreements entered into with the State of California and the City of Los Angeles restrict the use of this property as low-income housing. The Partnership's General Partner is VCHC, which owns a 30% interest, and the Limited Partner is WHC, which owns a 70% interest in the Partnership.

VCHC Pacific Apartments, LLC (Pacific) is a California limited liability company. The LLC was formed and an operating agreement was executed in June, 2012, for the purpose of refinancing and operating a 32 unit low-income rental housing project located in Venice, California. Pacific is a single member LLC, with VCHC as its sole member. The VCHC owned property was transferred to the LLC and the debt refinancing was completed November, 2012. A Regulatory agreement entered into with HUD restricts the use of this property as low-income housing and governs the ownership, management, and operations of the property.

12525 Washington Place, L.P., (Washington Place) is a California limited partnership. The initial Partnership was formed in May, 1996 for the purpose of developing and operating 30 units of low-income rental housing located in Los Angeles, California. Development of the property was completed and rental operations began in November, 1997. A regulatory agreement entered into with the City of Los Angeles restricts the use of this property as low-income housing. The General Partner is VCHC, which owns a 1% interest, and the Limited Partner is WHC, which owns a 99% interest in the Partnership.

VCHC Gateway, L.P., is a California limited partnership. The initial Partnership was formed in September, 2014, for the purpose of acquiring and developing an affordable rental housing development for low income persons with related amenities located in Los Angeles, California. The Partnership acquired land and has been incurring development costs which have been funded by a commercial bank construction loan and local government agency loans. The General Partner is VCHC Gateway, LLC, which owns a .01% interest and the Limited Partner is NEF Assignment Corporation, a California nonprofit corporation, which owns a 99.99% interest in the Partnership.

VCHC Gateway, LLC, a California limited liability company comprised of VCHC and Hollywood Community Housing Corporation, a California nonprofit corporations. The LLC was organized for the purpose of assisting in the development and management of low-income housing property located in Los Angeles, California.

(2) Summary of Significant Accounting Policies, Continued

Non-Controlling Interest in Limited Partnerships

Non-controlling interest in limited partnerships' represent the aggregate balance of investor limited partner equity interest in the non-wholly-owned affiliated affordable housing limited partnerships that are included in the consolidated financial statements.

Revenue Recognition

In accordance with GAAP provisions, VCHC reports gifts of cash as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires because the stipulated time restriction ends or the purpose restriction is accomplished, the temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Rental income is recognized for apartment rentals as it accrues. Advance receipts of rental income are deferred and classified as liabilities until earned. Partnership project management fee income is earned annually based on the partnership agreements. Fees earned are eliminated in consolidation.

General support received under grants is recorded when unconditionally promised by the grantor.

Contracts

Revenue from contracted services are classified as exchange transactions and recognized as support in accordance with the terms of the contract. Funds received for services not yet earned are reported as deferred revenue in the consolidated financial statements.

Accounts Receivable

VCHC does not maintain an allowance for uncollectible amounts because receivables primarily consist of grants and contracted government reimbursement requests. If any amounts become uncollectible, they will be charged to operations when that determination is made. GAAP requires that an allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method. Management believes all receivables to be collectible at December 31, 2015. The Affordable Housing Affiliates report receivables net of an allowance for estimated uncollectible amounts. It is reasonably possible that the estimate of the allowance could change.

Developer Fees

VCHC is jointly responsible for the development of the VCHC Gateway housing project, in accordance with provisions codified in the limited partnership agreement. Development fees are earned in connection with the construction and oversight of the development of the project. The development fees are recognized as revenue commencing with the closing of the Project's construction financing in accordance with the developer fee agreement. Due to the timing and contingent nature of determining the final developer fee owed, VCHC recognizes the fee primarily based on the cash basis of accounting.

In the event that a portion, or all, of the development fee is not paid at the end of the development period, the deferred development fee is generally assumed to be paid from future project cash flow. Development fees that are earned during the development period and paid for with investor equity or project financing are capitalized by the limited partnerships. Any deferred development fees paid from project operations are eliminated in consolidation.

(2) Summary of Significant Accounting Policies, Continued

Investments

Investments are reported at their fair value in the statement of financial position in accordance with GAAP. Investment income or losses (including interest, dividends, realized and unrealized gains or losses on investments) are included in the statement of activities as increases or decreases in unrestricted assets unless the income or loss restricted by explicit donor stipulations or by law.

Navy Blue Ground Lease

Navy Blue leases the land underlying the project from the City of Los Angeles for a term of fifty-five years. The lease provides for rent to be paid annually in an amount equal to the lesser of the fair market rent or 50% of the residual receipts of the Partnership for the year, as defined. The difference between the actual lease payment and the fair market rent will accumulate and be payable from the next available residual receipts. At the end of the lease term all unpaid rent will be due and payable, but only to the extent that the fair market value of the property improvements exceeds the outstanding amount of any loans and related accrued interest remaining on the property. Management considers the contingency remote, and accordingly, no amounts have been accrued in the consolidated financial statements.

As of December 31, 2015, no rental payments have been made under the Ground Lease as the project has not generated any residual receipts, as defined. Also, in accordance with residual receipts calculations, Management estimates that no rent payments will be made during the term of the Ground Lease.

Depreciable and Amortizable Assets

Land, building and improvements are recorded at cost. Additions and improvements that materially extend the life of assets are capitalized. Expenditures for ordinary maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives using the straight-line method. Financing costs are capitalized and amortized on a straight-line basis over the length of the related loan. The estimated service life of the assets for depreciation purposes may be different than their actual economic useful lives.

	Estimated Life
Land	-
Building and improvements	20 to 40 years
Furniture and equipment	5 to 7 years

The Organization reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There was no impairment loss recognized in 2015.

Amortization

Mortgage costs are being amortized over the term of the mortgage loan and land lease using the straight-line method. GAAP requires that the effective yield method be used to amortize the costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method.

(2) Summary of Significant Accounting Policies, Continued

Statement of Cash Flows

For purposes of reporting cash flows, the Organization considers all highly liquid investments with a maturity rate of three months or less to be cash equivalents.

Cash paid for the following as of December 31, 2015:

Income taxes: None

Property Tax Exemption

The Affordable Housing Affiliates are generally exempt from real property taxes to a substantial degree. In the event such exemption is not renewed or no longer available, the Affordable Housing Affiliates cash flow would be negatively impacted.

Income taxes

VCHC is exempt from Federal and California income taxes under Section 501(c)(3) of the Internal Revenue code and corresponding California provisions. However, VCHC could be subject to Federal and California tax on unrelated business income, if any, as stipulated in IRC Section 511. VCHC does not have any net income that management believes would be subject to unrelated business income tax, as defined. Accordingly, no provision has been made for taxes in the accompanying consolidated financial statements. Management believes that VCHC has adequately addressed all relevant tax positions and that there are no tax positions which must be considered for disclosure.

The Affordable Housing Affiliates are pass-through entities for income tax purposes and are not subject to income taxes. The Affordable Housing Affiliates' federal tax status as a pass-through entity is based on their legal status as a partnership or LLC. The Affordable Housing Affiliates are required to file tax returns with the Internal Revenue Service and other taxing authorities. For tax purposes, income, loss and tax credits are includable in the tax returns of the individual partners and members. Accordingly, no provision has been made for taxes in the accompanying consolidated financial statements. Generally, income tax returns filed by the Affordable Housing Affiliates are subject to examination by the Internal Revenue Service for a period of three years. While no income tax returns are currently being examined by the Internal Revenue Service, tax years since 2012 remain open.

WHC is a nonprofit California corporation that is not currently seeking an income tax exemption under Section 501(c)(3) of the Internal Revenue code and corresponding California provisions. For the year ended December 31, 2015, there was a federal and state tax loss that was not material to the consolidated financial statements as a whole. Therefore, no provision for income taxes has been recorded in the accompanying consolidated financial statements.

Fair Value Measurements

The carrying amount of the Organization's cash and cash equivalents, receivables, payables and accrued expenses approximate fair value due to the short-term nature of these instruments. The fair value of the Organizations notes payable is assessed by management based on analysis of underlying investments and historical trends. Impairment reserves are provided as necessary.

The Organization has certain loans with the City of Los Angeles in which the interest repayment is contingent on the fair value of the property, as defined in the loan agreement (see note 14). The fair value determines whether interest accrues on these loans. Information to develop unobservable inputs to determine fair value is not reasonably available without undue cost and effort. Since significant uncertainty exists with respect to the Organization's cash flow availability to repay the loans, management has concluded that fair value of these loans cannot be determined.

(2) Summary of Significant Accounting Policies, Continued

Concentration of Business and Credit Risk

The Organization's cash and cash equivalents are maintained in several bank accounts which, at times, are in excess of federally insured amounts. Such cash balances vary throughout the year. The Organization is subject to credit risk to the extent that its cash and cash equivalents exceed federal deposit insurance limits. The Organization has not experienced any losses in such accounts. At December 31, 2015 the uninsured balances approximate $440,000 based on actual bank balances. Management believes this credit risk is not significant in regard to these cash balances at December 31, 2015.

The Organization's revenues are derived from several sources. Approximately 20% of revenue is from contributions and grants from non-governmental sources; 19% from fees charged to government agencies; and 60% from rental operations. The Organization is subject to business risks associated with the level of charitable giving in both the private and public sectors, as well as the level of funding for particular government programs. The Organization operates in a heavily regulated environment and most of the Organization's operations are subject to directives, rules and regulations of federal, state and local regulatory agencies. Such directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by such municipal agencies. The Affordable Housing Affiliates rent to people with qualifying levels of income who work primarily in the Los Angeles area. The Affordable Housing Affiliates are subject to business risks associated with the economy and level of unemployment in Los Angeles, as well as available rental subsidies, which affects occupancy and the tenants' ability to make rental payments.

VCHC receives fees from partnerships in which it is the general partner, as well as grants and rent subsidies from programs such as Shelter Plus Care. These funds are dependent upon the continued successful development of affordable housing projects by the Organization, compliance with matching requirements of the programs, as well as the continued availability of funds from such programs.

VCHC also provides advances to affiliates involved in the development of the affordable housing projects, and has partnership management fees that are owed from the affiliates. Such advances and fees are unsecured and the realization of these fees is dependent upon the operating cash flow of the related affordable housing affiliate. Advances and fees related to affiliates have been eliminated in consolidation.

Advertising

Advertising costs are expensed as incurred.

Estimates

The preparation of consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Subsequent Events

The Organization has evaluated subsequent events that have occurred from December 31, 2015 through September 1, 2016, which is the date that the consolidated financial statements were available to be issued, and determined that there were no subsequent events or transactions that required recognition in the consolidated financial statements other than those disclosed in notes to financial statements (Note 15).

(3) Restricted Cash

Cash reserves and restricted deposits primarily consist of housing project operating and replacement reserves, mortgage escrow impounds, and tenant security deposits. Such reserves are required by various financing authorities, lenders or stipulations in the applicable partnership or operating agreements. The Organization is required to make annual deposits as stipulated in the various loan and regulatory agreements. Reserves are included as restricted cash in the accompanying consolidated financial statements.

According to various loan and other regulatory agreements, The Organization is required to designate a portion of its cash as restricted for the following purposes:

	VCHC	Affiliates	Total
Operating Reserve	$ 28,809	625,213	$ 654,022
Transition Reserve	-	212,178	212,178
Replacement Reserve	183,475	712,314	895,789
Other	77,187	88,407	165,594
Security Deposits	72,131	102,042	174,173
Total	$ 361,602	1,740,154	$ 2,101,756

(4) Investments

Fourth Avenue maintains a short-term investment totaling $63,828 in the form of a certificate of deposit which carries an interest rate of 0.10% and matures in June, 2016. Navy Blue maintains a short-term investment totaling $60,030 in the form of a certificate of deposit which carries an interest rate of 0.10% and matures in June, 2016. Washington Place maintains a short-term investment totaling $53,018 in the form of a certificate of deposit which carries an interest rate of 0.10% and matures in June, 2016.

The components of interest and investment income for 2015 are as follows:

Interest income	$ 4,125
Investment fees	-
Total	$ 4,125

(5) Real Estate Under Development

The Organization has one low-income housing project in development as of December 31, 2015. Development costs are those capitalized costs paid on behalf of particular affordable housing projects prior to their being placed in service. Such costs include predevelopment costs, direct and indirect costs of construction, as well as carrying costs during the construction period including supervision and management. The funding for such costs are provided by acquisition, predevelopment and construction loans. If the project is discontinued the capitalized costs are expensed

(6) Related Party Transactions

In the ordinary course of its operations, VCHC has significant related party transactions with affiliates. Such transactions provide a substantial amount of funding in connection with the development of low-income affordable housing projects.

VCHC earns developer fees, management fees, tenant resident service fees, and accounting fees in connection with services rendered to the affiliated entities under various terms and provisions as defined by each affiliated entity.

(7) Mortgage Notes Payable

Notes payable primarily consists of collateralized trust deeds on real property and improvements as follows:

VCHC:

200 Lincoln Boulevard: 7.26% adjustable rate note payable to Citibank, in the original amount of $600,000, secured by a deed of trust on real property, interest rate fixed until April, 2020, then adjusting in accordance with the ten-year treasury constant maturity yield, maximum interest rate 12.26%, currently payable in monthly installments of principal and interest of $4,185, due April, 2030.	$ 446,649
Note payable through the Federal Home Loan Bank of San Francisco-Affordable Housing Program, in the original amount of $52,000, secured by a deed of trust on real property, non-interest bearing, principal deferred for the fifteen-year compliance period, subject to forgiveness if the property remains affordable within the Affordable Housing program regulations.	52,000
5032 South Slauson Avenue: Note payable through the Federal Home Loan Bank of San Francisco-Affordable Housing Program, in the original amount of $56,000, secured by a deed of trust on real property, non-interest bearing, principal deferred for the fifteen-year compliance period, subject to forgiveness if the property remains affordable within the Affordable Housing program regulations.	56,000
511 Brooks Avenue: 3.049% adjustable rate note payable to Chase, in the original amount of $195,000, secured by a deed of trust on real property, calculated monthly in accordance with the 11th district cost of funds, maximum interest rate of 11.70%, currently payable in monthly installments of principal and interest of $923, due January, 2025.	87,619
Note payable through the Federal Home Loan Bank of San Francisco-Affordable Housing Program, in the original amount of $28,000, secured by a deed of trust on real property, non-interest bearing, principal deferred for the fifteen-year compliance period, subject to forgiveness if the property remains affordable within the Affordable Housing program regulations.	28,000
640 Westminster Avenue: 3% residual receipts note payable to the City of Los Angeles, in the original amount of $300,000, secured by a deed of trust on real property, payable in annual installments of principal and interest based on residual receipts, as defined, until all amounts have been paid in full, due January, 2034. Interest incurred during 2015 was $9,000 and as of December 31, 2015, accrued interest totaled $137,946.	300,000
650 Westminster Avenue: 3% residual receipts note payable to the County of Los Angeles, Housing Authority, in the original amount of $20,000, secured by a deed of trust on real property, payable in annual installments of principal and interest based on residual receipts, as defined, until all amounts have been paid in full, due March, 2021. Subject to forgiveness provisions of principal and accrued interest at end of the note's twenty-eight year term.	20,000

(7) Mortgage Notes Payable, Continued

920 6th Avenue:	
Note payable to Chase, in the original amount of $168,000, secured by a deed of trust on real property and replacement reserve account, bearing interest at 8.21% per annum, payable in monthly installments of principal and interest of $1,257, due March, 2028.	116,329
Note payable to the City of Los Angeles, in the original amount of $46,000, secured by a deed of trust on real property, non-interest bearing, principal deferred for the twenty-year term, due August, 2018.	46,000
4216 Centinela Avenue:	
6.4% adjustable rate note payable to Chase, in the original amount of $800,000, secured by a deed of trust on real property and bank reserve account, fixed interest rate until September 2017, then adjusting semi-annually calculated in accordance with one-year treasury constant maturity yield plus 2.2%, maximum interest rate of 11.4%, currently payable in monthly installments of principal and interest of $5,004, due September, 2037.	711,840
Note payable to Local Initiatives Support Corporation, in the original amount of $200,000, secured by a deed of trust on real property, bearing interest at 7.25% per annum, payable in monthly installments of principal and interest of $1,581, balloon payment due October, 2017.	150,426
720 Rose Avenue:	
Note payable to the City of Los Angeles, in the original amount of $175,370, secured by a deed of trust on real property, non-interest bearing and repaid with services, as defined in the loan agreement.	57,486
Other:	
Note payable to Nissan Motor Acceptance Corporation, in the original amount of $28,050, secured by equipment, bearing interest at 0.9% per annum, payable in monthly installments of principal and interest of $595, due May, 2018.	16,500
Note payable to the Congregation of the Sisters of Charity of the Incarnate Word, in the original amount of $200,000, unsecured, bearing interest at 1% per annum, payable in annual installments of interest only, principal and unpaid accrued interest was due February, 2016 and repaid in full.	100,000
Affordable Housing Affiliates:	
Two amortizing notes payable to various lenders, secured by deeds of trust on real property, bearing interest ranging from 6.28% to 6.47% per annum, principal and interest due date ranging from December, 2026 to March, 2028.	624,385
Note payable to Sun West Mortgage Company Inc., in the original amount of $2,500,000, insured by HUD under Section 207/223(f) of the National Housing Act. The note is secured by a Multifamily deed of trust on real property, Assignment of Rents and Security agreement, bearing interest at 2.85% per annum, principal and interest payable in monthly installments of $9,413, due November 1, 2047.	2,365,773
Note payable to the City of Los Angeles, in the original amount of $750,000, secured by deed of trust on real property, non-interest bearing. The note is repaid with supportive services, as defined in the loan agreement, over a twenty-year period commencing September 1, 2012 and amortizing at a rate of $37,500 per year, due September, 2034.	621,875

(7) Mortgage Notes Payable, Continued

Eleven non-amortizing notes payable to various lenders, secured by deeds of trust on real property, interest ranging from zero to 5% per annum, some payable based on residual receipts, as defined, until all amounts have been paid in full, due date ranging from July, 2024 to December, 2069. Some notes subject to interest forgiveness provisions (note 14).	13,527,660
Total	$ 19,328,542

Aggregate maturities of mortgage notes payable for the next five years are as follows:

Year Ending December 31	VCHC	Affiliates	Total
2016	$ 219,671	1,632,838	$ 1,852,509
2017	199,213	124,217	323,430
2018	101,728	128,155	229,883
2019	56,883	132,301	189,184
2020	50,927	136,666	187,593
Thereafter	1,560,427	14,985,516	16,545,943
Total	$ 2,188,849	17,139,693	$ 19,328,542

In 1995, the City of Los Angeles loaned VCHC $1,250,000, at 5% per annum, in acquisition and predevelopment funds for the purpose of developing affordable housing. The City allowed VCHC to subsequently loan these funds to Fourth Avenue. Because the funds were part of a Government grant that required the loan to remain with VCHC, the security interests for the City Loan are cross collateralized against a deed of trust on real property owned by the Limited Partnership and against the Partnership promissory note to VCHC.

Concurrent with the execution of the City Loan, VCHC received a $1,250,000 promissory note from the Limited Partnership, the terms of which are identical to the loan payable to the City of Los Angeles. Proceeds due under the note receivable will be used to offset the identical payments due under the note payable. As such, VCHC has not reflected the notes, interest income and interest expense in the financial statements. In the event of default, although all notes are nonrecourse, VCHC could become liable for the remaining amount of indebtedness, if any, not satisfied by disposition of the Fourth Avenue collateralized property.

	Current Portion	Non-Current Portion	Principal Balance as of 12/31/15	Accrued Interest as of 12/31/15
VCHC:				
Amortizing	$ 62,185	1,467,178	1,529,363	$ 8,553
Non-Amortizing	157,486	502,000	659,486	138,899
Total VCHC	219,671	1,969,178	2,188,849	147,452
Affordable Housing Affiliates:				
Amortizing	82,975	2,907,183	2,990,158	8,921
Non-Amortizing	1,549,863	12,599,672	14,149,535	631,844
Total Affordable Housing Affiliates	1,632,838	15,506,855	17,139,693	640,765
Total	$ 1,852,509	17,476,033	19,328,542	$ 788,217

(8) Capitalized Costs

Costs incurred to obtain financing as well as certain other costs of the Organization have been capitalized and are being amortized as follows:

		VCHC	Affiliates	Total
Financing Costs	10 to 55 years	$ 35,038	244,530	$ 279,568
Land Lease Costs	53 years	-	68,333	68,333
		35,038	312,863	347,901
Less: Accumulated Amortization		(20,267)	(67,786)	(88,053)
Net Capitalized Costs		$ 14,771	245,077	$ 259,848

Estimated amortization expense for the next five years and thereafter is as follows:

Year Ending December 31	VCHC	Affiliates	Total
2016	$ 1,511	7,941	$ 9,452
2017	1,283	7,941	9,224
2018	950	7,941	8,891
2019	950	7,941	8,891
2020	950	7,941	8,891
Thereafter	9,127	205,372	214,499
Total	$ 14,771	245,077	$ 259,848

(9) Due To (From) Affiliates

Advances to projects represent costs that VCHC pays on behalf of particular affordable housing projects, which are to be repaid to VCHC. These advances are for projects in which VCHC is a participating partner and are classified as due from affiliates on the consolidating financial statements. Such advances have been eliminated in consolidation.

(10) Functional Expenses

Functional expenses for 2015 are allocated as follows:

Program Services	$ 3,743,370
Management and General	503,854
Fundraising	185,707
Total	$ 4,432,931

(11) Restrictions on Net Assets

Temporarily restricted net assets at December 31, 2015 are available for the following purposes:

Community development programs	$ 71,815
Architectural design tour	72,375
General operating	75,000
Total	$ 219,190

(12) Retirement Plan

Employees may participate in an Internal Revenue Code section 403(b) retirement savings plan, established by VCHC. The plan is funded solely by employee contributions to the plan, pursuant to a salary reduction agreement. All employee contributions are immediately vested.

(13) Guaranties

VCHC, as the Co-General Partner in the affiliated VCHC Gateway, L.P., has entered into certain guarantees with the Investor Limited Partner regarding construction completion, initial operating and tax credit guaranties, as defined in the Partnership Agreement, including the following:

Development Guaranty

In general, VCHC is obligated to pay any development cost deficits if the project is not completed or if permanent financing has not been obtained by specific dates. Under these guarantees VCHC provides assurance on project completion and repayment guarantees for the respective loans. These obligations typically terminate upon funding of permanent project financing. As of December 31, 2015, no amounts were due under this guaranty.

Credit Recapture Guaranty

In the event of a recapture of tax credits received by an investor limited partner, VCHC shall be obligated to reimburse the investor limited partner for any recaptured credits plus any related penalties, interest or additional taxes due. VCHC is not obligated to reimburse if the recapture is due to a change in law or actions by the limited partners. As of December 31, 2015, no amounts were due under this guaranty.

(14) Commitments and Contingent Liabilities

VCHC

VCHC leases storage space on a month-to-month basis at the rate of $1,697 per month. Rent expense for this operating lease totaled $15,864 for the year ended December 31, 2015.

VCHC also leases office equipment under various operating lease agreements. Gross monthly minimum lease payments are $651 through December, 2018 and then $186 through December, 2019. Equipment rental expense for the year ended December 31, 2015 approximated $11,000.

Mortgage note payable - A development agreement between VCHC and the County of Los Angeles provides for forgiveness of principal and interest on the 650 Westminster Avenue residual receipts note payable (see note 7) if certain conditions are met. These include that the related property is operated and maintained as low-income housing over the term of the loan, and that VCHC complies with various other provisions of the agreement. In the event that the property is not maintained as low-income housing, or if there are other material violations of the development agreement, the mortgage note and accrued interest become immediately due and payable. Although this is a possibility, management deems the contingency remote and plans to meet the conditions as set forth in the provisions of the development agreement. Accordingly, VCHC does not accrue interest on the note payable in the financial statements. At December 31, 2015, the cumulative amount of unpaid interest on the note that could be due if provisions were not met approximated $13,000.

(14) Commitments and Contingent Liabilities, Continued

Additionally, a regulatory agreement between VCHC and the City of Los Angeles provides for the repayment of the original $175,370 mortgage note payable on 718-20 Rose Avenue property based on VCHC furnishing services to infant/toddlers, as stipulated in the agreement, over the term of the loan. In the event there is a violation of the agreement and the services are not rendered, the balance of the loan becomes immediately due and payable at the option of the lender.

VCHC's participation in the Affordable Housing Affiliate limited partnerships results in contingent liabilities. Pursuant to the terms of the partnership agreements, the limited partners are responsible only for initial capital contributions. As a result, VCHC may be required to arrange for additional funds related to any rehabilitation or operating needs of the partnerships. VCHC may also be subject to other liabilities of the partnerships if the partnership's assets should become insufficient to meet their obligations. In the opinion of management, the future revenues and the value of underlying assets of these partnerships will be sufficient to meet their obligations.

The properties owned and operated by the Organization are typically developed using monies provided by restrictive, low-interest rate, loans. The terms of these loans restrict the use of the property and generally require that it be rented to low-income qualified tenants for the period of the related loan term. Failure to comply with the terms of the loans would result in a requirement to repay a portion or the entire amount of proceeds received.

Affordable Housing Affiliates:

Forgivable Interest

Certain Affordable Housing Affiliates have entered into loans which contain terms that limit the amount of accrued but unpaid interest that may be payable. Generally, accrued but unpaid interest as of the time the loan is due shall be payable only to the extent the fair market value of the Project's property exceeds the principal balance of the loan plus the principal balance of any loans senior to the loan.

Due to this contingency, interest has not been accrued because the future fair market value of the property at loan maturity is not expected to be sufficient. The following is a schedule of contingent interest that could be due if the fair market value of the property is sufficient (see promissory note details below):

Fourth Avenue Limited Partnership	$ 1,127,000
12525 Washington Place Limited Partnership	1,230,000
Navy Blue Apartments Limited Partnership	461,000
Total	$ 2,818,000

Fourth Avenue

A loan agreement between the Fourth Avenue, VCHC, and the City of Los Angeles provides for possible forgiveness of interest on the mortgage note payable of $1,250,000. At the end of the note's forty-year term, accrued interest will be due and payable only if the fair market value of the property (as defined) exceeds the principal balance of the note plus all superior indebtedness secured against the property. Due to this contingency, interest on the note has not been accrued in the financial statements because the future fair market value of the property at loan maturity is not expected to be sufficient. At December 31, 2015, Fourth Avenue is contingently liable for the cumulative amount of unpaid interest that could be due on the note, which approximated $1,127,000, if the fair market value of the property is sufficient.

(14) Commitments and Contingent Liabilities, Continued

Washington Place

A loan agreement between Washington Place, VCHC and the City of Los Angeles provides for possible forgiveness of interest on the mortgage note payable of $1,500,000. At the end of the note's thirty-year term, accrued interest will be due and payable only if the fair market value of the property (as defined) exceeds the principal balance of the note plus all superior indebtedness secured against the property. Due to this contingency, interest on the note has not been accrued in the financial statements because the future fair market value of the property at loan maturity is not expected to be sufficient. At December 31, 2015, the Organization is contingently liable for the cumulative amount of unpaid interest that could be due on the note, which approximated $1,230,000, if the fair market value of the property is sufficient.

Navy Blue

A regulatory agreement between Navy Blue and the City of Los Angeles provides for possible forgiveness of interest on the mortgage note payable of $692,000. At the end of the note's thirty-year term, accrued interest will be due and payable only to the extent the fair market value of the property (as defined) exceeds the principal balance of the note plus all superior indebtedness secured against the property. Due to this contingency, interest on the note has not been accrued in the financial statements because the future fair market value of the property at loan maturity is not expected to be sufficient. At December 31, 2015 Navy Blue is contingently liable for the cumulative amount of unpaid interest that could be due on the note, which approximated $461,000, if the fair market value of the property is sufficient.

The deferral provisions as stipulated in the regulatory agreements for the above loans remain in effect only as long as the properties are operated and maintained as low-income housing and the Partnerships' comply with various other provisions of the agreements. In the event that the properties are not maintained as low-income housing, or if there are other material violations of the regulatory agreements the mortgage notes become due and payable. Although this is a possibility, management deems the contingency remote and plans to meet the conditions as set forth in the provision of the regulatory agreements.

Horizon

VCHC was awarded a recoverable subsidy grant from the City of Los Angeles Housing Authority, under the Shelter Plus Care program, totaling $1,133,220 in connection with the rental operations at the Horizon housing project. The subsidy is disbursed over a five-year period that began in 2011. Under the terms of the contract, VCHC must provide tenants with supportive services in an amount equal to or greater than the amount of the rental subsidies received. Revenue from the subsidy is passed through to Horizon and is included in rental income in the accompanying consolidated financial statements.

Horizon received a contingent grant in the amount of $250,000 from the County of Los Angeles CDC, under its Emergency Shelter Funds program, for costs associated with the rehabilitation of the Horizon housing project. The grant is repayable only if in default with the 15 year grant agreement. Although this is a possibility, management deems the contingency remote and plans to meet the conditions as set forth in the provisions of the grant agreement.

(15) Subsequent Events

In February 2016, VCHC executed an unsecured promissory note payable to the Congregation of the Sisters of Charity of the Incarnate Word, in the original amount of $250,000, bearing interest at 1% per annum, payable in annual installments of interest only, principal and unpaid accrued interest due February, 2020.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidating Statement of Financial Position

December 31, 2015

Schedule 1

	Venice Community Housing Corporation excluding Affiliates	Affiliates	Elimination Adjustments	Venice Community Housing Corporation
Assets				
Cash and equivalents	$ 1,274,530	341,022	-	$ 1,615,552
Restricted cash	361,602	1,740,154	-	2,101,756
Investments	-	176,876	-	176,876
Government contracts receivable	111,303	-	-	111,303
Grants receivable	39,433	-	-	39,433
Accounts receivable, net	5,064	137,477	(51)	142,490
Prepaid expenses	582	15,850	-	16,432
Property and equipment	7,151,322	14,614,283	(100,000)	21,665,605
Accumulated depreciation	(2,438,700)	(4,847,269)	2,500	(7,283,469)
Net Property	4,712,622	9,767,014	(97,500)	14,382,136
Real estate under development	-	8,442,917	-	8,442,917
Financing costs, net	14,771	245,077		259,848
Due from affiliates	60,197	-	(60,197)	-
Deposits	19,256	5,510		24,766
Total assets	$ 6,599,360	20,871,897	(157,748)	$ 27,313,509
Liabilities and Net Assets				
Accounts payable	$ 62,742	126,173	-	$ 188,915
Accrued payroll and vacation	115,871	-	-	115,871
Prepaid rent	25,756	44,840	-	70,596
Construction cost payable	-	1,368,019	-	1,368,019
Due to affiliates	-	245,120	(245,120)	-
Short-term loan payable	20,000	-	-	20,000
Accrued interest payable	147,452	640,765	-	788,217
Notes payable	2,188,849	17,139,693	-	19,328,542
Tenant deposits	61,955	97,059	-	159,014
Total liabilities	2,622,625	19,661,669	(245,120)	22,039,174
Net Assets:				
Unrestricted	3,757,545	1,210,228	87,372	5,055,145
Temporarily restricted	219,190	-	-	219,190
Total Net Assets	3,976,735	1,210,228	87,372	5,274,335
Total Liabilities and Net Assets	$ 6,599,360	20,871,897	(157,748)	$ 27,313,509

See accompanying auditor's report.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidating Statement of Activities

Year ended December 31, 2015

Schedule 2

	Venice Community Housing Corporation excluding Affiliates	Affiliates	Elimination Adjustments	Venice Community Housing Corporation
Changes in unrestricted net assets:				
Revenue & Support:				
Contributions and grants	$ 678,869	-	-	$ 678,869
Government grants	759,862	-	-	759,862
Program service	50,000	-	-	50,000
Rental income	892,851	1,450,063	-	2,342,914
Partnership mgmt and tenant svrcs fees	541,225	-	(541,225)	-
Other income	3,380	780	-	4,160
Interest income	2,127	1,998	-	4,125
Total unrestricted revenue	2,928,314	1,452,841	(541,225)	3,839,930
Net assets released from restrictions:				
Satisfaction of program restrictions	298,326	-		298,326
Total unrestricted revenue and support	3,226,640	1,452,841	(541,225)	4,138,256
Expenses:				
Salaries, benefits, taxes	1,967,070	272,385	(217,762)	2,021,693
Consultants	41,042	-	-	41,042
Job training and supplies	91,274	-	-	91,274
Education and after school programs	44,066	-	-	44,066
Rent	15,864	-	-	15,864
Legal & accounting	25,465	68,438	(19,280)	74,623
Office and administration	124,256	51,174	(18,055)	157,375
Conference, training & travel	52,846	-	-	52,846
Management and tenant service fees	-	147,886	(147,886)	-
Fundraising & outreach	54,487	-	-	54,487
Maintenance & repairs	224,497	299,330	(86,255)	437,572
Utilities	107,341	134,196	-	241,537
Insurance	306,015	127,591	(73,040)	360,566
Property tax and license and fees	23,019	37,712	(403)	60,328
Interest	113,425	242,833	-	356,258
Depreciation & amortization	160,488	265,412	(2,500)	423,400
Total expenses	3,351,155	1,646,957	(565,181)	4,432,931
Increase (decrease) in unrestricted net assets	(124,515)	(194,116)	23,956	(294,675)
Change in temp. restricted net assets:				
Contributions and grants	92,811	-		92,811
Net assets released from restriction	(298,326)	-		(298,326)
Decrease in temp. restricted net assets	(205,515)	-		(205,515)
Total increase (decrease) in net assets	(330,030)	(194,116)	23,956	(500,190)
Other changes in net assets:				
Partner capital contributions	-	1,110,367	24,089	1,134,456
Net assets at beginning of year	4,306,765	293,977	39,327	4,640,069
Net assets at end of year	$ 3,976,735	1,210,228	87,372	$ 5,274,335

See accompanying auditor's report.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Consolidating Statement of Cash Flows

Year ended December 31, 2015

Schedule 3

	Venice Community Housing Corporation excluding Affiliates	Affiliates	Elimination Adjustments	Venice Community Housing Corporation
CASH FLOWS FROM OPERATING ACTIVITIES:				
Change in net assets	$ (330,030)	(194,116)	23,956	$ (500,190)
Adjustments to reconcile change in net assets to cash flow from operating activities:				
Depreciation and amortization expense	160,488	265,412	(2,500)	423,400
Decrease (Increase) in Operating Assets:				
Tenant security deposits	(71)	(1,295)	-	(1,366)
Government contracts receivable	10,279	-	-	10,279
Accounts receivable	3,841	(17,000)	-	(13,159)
Grants receivable	152,734	-	-	152,734
Prepaid expenses	3,125	205	-	3,330
Deposits	(14,000)	-	-	(14,000)
Increase (Decrease) in Operating Liabilities:				
Due to/from affiliates	94,791	62,162	(156,953)	-
Accounts payable and accrued expenses	27,430	(12,425)	-	15,005
Other liabilities	(1,476)	-	-	(1,476)
Prepaid rent	25,756	36,046	-	61,802
Accrued interest payable	(14,521)	111,123	-	96,602
Tenant security deposits	(136)	2,414	-	2,278
Net cash provided by operating activities	118,210	252,526	(135,497)	235,239
CASH FLOWS FROM INVESTING ACTIVITIES:				
Net changes in property reserves and deposits	(23,162)	(64,724)	-	(87,886)
Net changes in investments	-	24,788	-	24,788
Payment for real estate under development	-	(3,732,436)	111,408	(3,621,028)
Net cash used in investing activities	(23,162)	(3,772,372)	111,408	(3,684,126)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Partner capital contributions	-	1,110,367	24,089	1,134,456
Proceeds from notes payable	-	2,601,518	-	2,601,518
Repayment of notes payable	(158,760)	(79,379)		(238,139)
Net cash provided by financing activities	(158,760)	3,632,506	24,089	3,497,835
Net increase (decrease) in cash	(63,712)	112,660	-	48,948
Cash, beginning	1,338,242	228,362	-	1,566,604
Cash, ending	$ 1,274,530	341,022	-	$ 1,615,552

Supplemental schedule of noncash investing and financing activities:

Supplemental noncash investing and financing activities: Additional costs of rental property from capitalized interest accrual and construction costs payable	$ -	1,148,326		$ 1,148,326
Supplemental disclosure of cash flow information: cash paid for interest, net of amounts capitalized	$ 127,954	131,710		$ 259,664

See accompanying auditor’s report.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Combining Statement of Financial Position by Affiliates

December 31, 2015

Schedule 4

	Fourth Ave. Apts., L.P.	Horizon Apts., LLC	Navy Blue Apts., L.P.	VCHC Pacific Apts., LLC	12525 Washington Place, L.P.	Westside Housing Corporation	VCHC Gateway, L.P.	Combining Adjustments	Affiliates Total
Assets									
Cash and equivalents	$ 8,558	15,174	29,462	140,539	133,338	10,413	3,538	-	$ 341,022
Restricted cash	466,881	368,459	292,422	184,862	427,530	-	-	-	1,740,154
Investments	63,828	-	60,030	-	53,018	-	-	-	176,876
Accounts receivable, net	1,096	-	-	132,231	4,050	-	100	-	137,477
Prepaid expenses	-	5,299	-	10,551	-	-	-	-	15,850
Property and equipment	3,511,271	4,776,718	1,266,955	829,243	4,230,096	-	-	-	14,614,283
Accumulated depreciation	(1,905,981)	(241,089)	(820,370)	(107,725)	(1,772,104)	-	-	-	(4,847,269)
Real estate under development	-	-	-	-	-	-	8,442,917	-	8,442,917
Financing costs, net	5,303	44,104	40,937	145,917	8,816	-	-	-	245,077
Deposits	4,470	-	650	-	390	-	-	-	5,510
Total assets	2,155,426	4,968,665	870,086	1,335,618	3,085,134	10,413	8,446,555	-	20,871,897
Liabilities and Net Assets									
Accounts payable	3,185	1,201	29,078	79,414	13,295	-	-	-	126,173
Prepaid rent	1,712	16,528	8,320	12,609	5,671	-	-	-	44,840
Construction cost payable	-	-	-	-	-	-	1,368,019		1,368,019
Due to Affiliates	85,521	9,364	85,272	1,952	55,511	7,500	-	-	245,120
Accrued interest payable	65,322	425,574	11,294	5,619	2,115	-	130,841	-	640,765
Notes payable	1,582,467	4,604,347	1,068,480	2,365,773	2,042,128	-	5,476,498	-	17,139,693
Tenant deposits	18,029	18,247	9,661	29,699	21,423	-	-	-	97,059
Total liabilities	1,756,236	5,075,261	1,212,105	2,495,066	2,140,143	7,500	6,975,358	-	19,661,669
Net Assets:									
Unrestricted	399,190	(106,596)	(342,019)	(1,159,448)	944,991	2,913	1,471,197	-	1,210,228
Total Liabilities and Net Assets	$ 2,155,426	4,968,665	870,086	1,335,618	3,085,134	10,413	8,446,555	-	$ 20,871,897

See accompanying auditor's report.

VENICE COMMUNITY HOUSING CORPORATION
(A Nonprofit California Corporation)

Combining Statement of Activities by Affiliates

Year ended December 31, 2015

Schedule 5

	Fourth Ave. Apts., L.P.	Horizon Apts., LLC	Navy Blue Apts., L.P.	VCHC Pacific Apts., LLC	12525 Washington Place, L.P.	Westside Housing Corporation	VCHC Gateway, L.P.	Combining Adjustments	Affiliates Total
Changes in unrestricted net assets:									
Revenue & Support:									
Rental income	$ 301,235	232,449	161,550	382,715	372,114	-	-	-	$ 1,450,063
Partnership mgmt fees	-	-	-	-	-	14,451	-	(14,451)	-
Other income	622	-	-	158	-	-	-	-	780
Interest income	554	314	327	358	445	-	-		1,998
Total unrestricted revenue	302,411	232,763	161,877	383,231	372,559	14,451	-	(14,451)	1,452,841
Expenses:									
Salaries, benefits, taxes	94,754	58,203	31,687	22,855	64,886	-	-	-	272,385
Legal & accounting	14,070	12,145	17,313	9,000	15,085	825	-	-	68,438
Office and administration	20,219	8,886	5,495	3,812	11,962	800			51,174
Management & tenant services	19,178	48,545	44,679	-	36,838	7,500	-	(8,854)	147,886
Maintenance & repairs	47,495	57,829	40,966	67,966	85,074	-	-	-	299,330
Utilities	32,782	14,214	11,721	37,366	38,113	-	-	-	134,196
Insurance	31,762	28,508	17,831	20,135	29,355	-	-	-	127,591
Property tax and license and fees	5,465	7,822	1,015	16,281	7,129	-	-	-	37,712
Interest	18,027	119,474	11,294	68,040	25,998	-	-	-	242,833
Depreciation & amortization	67,194	56,117	25,381	43,888	72,832	-	-	-	265,412
Total expenses	350,946	411,743	207,382	289,343	387,272	9,125	-	(8,854)	1,646,957
Increase (decrease) in unrestricted net assets	(48,535)	(178,980)	(45,505)	93,888	(14,713)	5,326	-	(5,597)	(194,116)
Other changes in net assets:									
Partner capital contribution (distribution)	-	-	-	(24,089)	-	-	1,134,456	-	1,110,367
Net assets at beginning of year	447,725	72,384	(296,514)	(1,229,247)	959,704	(2,413)	336,741	5,597	$ 293,977
Net assets at end of year	$ 399,190	(106,596)	(342,019)	(1,159,448)	944,991	2,913	1,471,197	-	$ 1,210,228

See accompanying auditor's report.