CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION

CONSOLIDATED
FINANCIAL STATEMENTS
AND SUPPLEMENTAL INFORMATION

YEARS ENDED
SEPTEMBER 30, 2016 AND 2015

KALLMAN+THOMPSON+LOGAN, LLP

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REINVESTMENT CORPORATION

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YEARS ENDED SEPTEMBER 30, 2016 AND 2015

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KALLMAN+THOMPSON+LOGAN, LLP

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AND CALIFORNIA
SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

Board of Directors
California Community Reinvestment Corporation
Glendale, California

We have audited the accompanying consolidated financial statements of California Community Reinvestment Corporation and subsidiaries (the "Company") which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the two years then ended, and the related notes to the consolidated 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 consolidated 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 conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

(Continued)

INDEPENDENT AUDITORS' REPORT (CONTINUED)

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 consolidated financial position of California Community Reinvestment Corporation and subsidiaries as of September 30, 2016 and 2015, and the changes in its net assets and its cash flows for the two years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplemental information on pages 22 to 24 is presented for purposes of additional analysis as required by the Uniform Financial Reporting Standards issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the consolidated financial statements.

The accompanying supplemental information on pages 22 to 24 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplemental information on pages 22 to 24 is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

INDEPENDENT AUDITORS' REPORT (CONTINUED)

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated November 29, 2016 on our consideration of California Community Reinvestment Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. Also, in accordance with Government Auditing Standards and the Consolidated Guide for Audits of HUD Programs, issued by the U.S. Department of Housing and Urban Development, Office of Inspector General (the Guide), we have also issued an opinion dated November 29, 2016, on California Community Reinvestment Corporation's compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters that could have a direct and material effect on a major HUD-assisted program. Those reports are an integral part of an audit performed in accordance with Government Auditing Standards in considering California Community Reinvestment Corporation's internal control over financial reporting and compliance.

Kallman+Thompson+Logan, LLP

KALLMAN+THOMPSON+LOGAN, LLP

November 29, 2016

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
SEPTEMBER 30, 2016 AND 2015

	2016	2015
Assets		
Cash and cash equivalents	$ 1,764,724	$ 1,475,417
Real estate loans:		
Loans	233,505,402	191,770,405
Allowance for loan losses	(5,228,325)	(4,653,072)
Deferred loan fees	(1,870,327)	(1,568,025)
Real estate loans, net	226,406,750	185,549,308
Interest receivable	1,306,894	1,092,883
Equipment and improvements, net	60,325	79,556
Other assets	212,221	169,302
Total assets	$ 229,750,914	$ 188,366,466
Liabilities and Net Assets		
Accounts payable and accrued expenses	$ 652,202	$ 620,369
Interest payable, member banks	991,495	790,449
Deferred revenue	2,395,216	1,832,049
Notes payable, member banks	202,924,648	162,204,007
Total liabilities	206,963,561	165,446,874
Commitments and contingencies (Notes 5, 7 and 8)		
Net assets:		
Unrestricted	22,723,159	22,845,854
Temporarily restricted	64,194	73,738
Total net assets	22,787,353	22,919,592
Total liabilities and net assets	$ 229,750,914	$ 188,366,466

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Changes in unrestricted net assets:		
Revenues and gains:		
Interest income, loans	$ 13,430,636	$ 10,992,080
Loan, commitment, rate lock and prepayment fees	407,607	938,677
Loan sale premium, net	25,907	2,639,667
Developer, broker fees and other income	643,220	587,395
Loan servicing income, net	653,808	593,933
Total revenues and gains	15,161,178	15,751,752
Net assets released from restrictions:		
Satisfaction of program restrictions	43,544	33,326
Total revenues, gains and other support	15,204,722	15,785,078
Expenses:		
Interest, member banks	10,958,033	8,757,493
Salaries and employee benefits	2,855,040	2,884,879
Occupancy	194,242	192,926
Professional services	285,784	256,266
Provision for loan losses	575,253	(643,368)
Marketing and business development	20,272	21,514
Utilities and maintenance	85,726	94,495
Professional conferences and meetings	25,990	61,346
Depreciation	46,751	44,773
Insurance	105,426	89,465
Miscellaneous	174,900	151,618
Total expenses	15,327,417	11,911,407
Increase (Decrease) in unrestricted net assets	(122,695)	3,873,671
Changes in temporarily restricted net assets:		
Contributions	34,000	18,100
Net assets released from restrictions	(43,544)	(33,326)
Decrease in temporarily restricted net assets	(9,544)	(15,226)
Increase (Decrease) in net assets	(132,239)	3,858,445
Net assets, beginning of year	22,919,592	19,061,147
Net assets, end of year	$ 22,787,353	$ 22,919,592

See notes to consolidated financial statements

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Cash flows from operating activities:		
Cash received from:		
Loan, commitment, rate lock and prepayment fees	$ 1,492,076	$ 1,504,961
Service fees and other income	1,287,485	1,166,102
Interest income	13,216,625	10,955,031
Loan sale premium	25,907	2,639,667
Cash received from operations	16,022,093	16,265,761
Cash paid to:		
Employees	(3,043,660)	(3,088,090)
Member banks for interest on notes payable	(10,756,987)	(8,739,509)
Vendors	(890,263)	(928,167)
Cash paid for operations	(14,690,910)	(12,755,766)
Net cash provided by operating activities	1,331,183	3,509,995
Cash flows from investing activities:		
Loans originated	(46,896,937)	(43,952,691)
Loan repayments	5,161,940	5,603,095
Proceeds from sale of loans	-	15,717,986
Purchases of property and equipment	(27,520)	(18,422)
Net cash used in investing activities	(41,762,517)	(22,650,032)
Cash flows from financing activities:		
Proceeds from notes payable - member banks	45,241,285	38,209,591
Payments on notes payable - member banks	(4,520,644)	(5,064,099)
Repayments from sale of loans - member banks	-	(15,717,986)
Net cash provided by financing activities	40,720,641	17,427,506
Net increase (decrease) in cash and cash equivalents	289,307	(1,712,531)
Cash and cash equivalents, beginning of year	1,475,417	3,187,948
Cash and cash equivalents, end of year	$ 1,764,724	$ 1,475,417

Continued

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED SEPTEMBER 30, 2016 AND 2015

	2016	2015
Reconciliation of increase (decrease) in net assets to net cash provided by operating activities:		
Increase (Decrease) in net assets	($ 132,239)	$ 3,858,445
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	46,751	44,773
Provision for loan losses	575,253	(643,368)
Changes in operating assets and liabilities:		
Deferred loan fees	302,302	72,069
Interest receivable	(214,011)	(37,049)
Other assets	(42,919)	(22,650)
Accounts payable and accrued expenses	31,833	(87,224)
Interest payable, member banks	201,046	17,984
Deferred revenue	563,167	307,015
Net cash provided by operating activities	$ 1,331,183	$ 3,509,995

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and nature of business

California Community Reinvestment Corporation (“CCRC”) is a private, not-for-profit organization established for the purpose of providing financing and technical assistance to facilitate the development of affordable housing in the State of California. Loan funding is primarily provided by a consortium of member banks that contribute funding through a credit and security agreement or participation agreement (the "Agreement”). CCRC is also approved as a HUD Title II FHA multifamily lender.

CCRC/PSP, LLC ("CCRC/PSP") was formed in February 2012 for the purpose of designing and implementing other financial or economic models, plans, programs or strategies which would facilitate the development of, and/or enhance the availability of affordable housing in the state of California. CCRC is the sole member of CCRC/PSP. The accounts of CCRC/PSP have been consolidated with CCRC.

CCRC Affordable Housing Partners, LLC ("Housing Partners") was formed in March 2000 to provide financing and technical assistance, at any stage of affordable housing in the State of California, to facilitate the development of affordable housing in the State of California, to acquire, rehabilitate and dispose of financially troubled and/or dilapidated housing in order to enhance the availability of affordable housing in the State of California, and to engage in such other lawful business as may be determined by CCRC, the sole member of Housing Partners. The accounts of Housing Partners have been consolidated with CCRC.

CCRC also acts in the capacity of a fiscal agent and bondholders' agent for the tax-exempt bond program, the objective of which is to provide financing to developers for the development and/or rehabilitation of multifamily housing to low-income households. The program provides access to 4% tax credit equity and permanent financing at competitive tax-exempt rates. This program results in additional Community Reinvestment Act investment/lending opportunities for the member banks. Under this program, the member banks purchase revenue bonds from a bond issuer. Using the proceeds from the issuance of the bonds, the bond issuer then provides permanent financing to the borrower. The fiscal agent originates the loan to the borrower on behalf of the bond issuer and services the loan on behalf of the bond issuer and the bondholders. CCRC, as the bondholders’ agent, also performs bond registrar and paying agent functions.

Bond program loans and related borrowings have not been reflected in the accompanying consolidated financial statements as CCRC is acting in the capacity of agent for the member banks and provides only paying agent functions. CCRC retains a servicing fee for its services, which is recorded in the consolidated statements of activities. At September 30, 2016 and 2015, CCRC was servicing loans totaling $63,201,002 and $72,423,635, respectively, under this program.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies

Principles of consolidation
The consolidated financial statements include the accounts of CCRC and its wholly owned subsidiaries (the "Company"). All significant inter-company transactions and accounts have been eliminated.

Cash and cash equivalents
For purposes of the consolidated statements of cash flows, the Company considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Impound account
The Company holds certain borrower reserve balances to be remitted to third parties on behalf of the borrowers or returned to the borrowers. The balance in the account at September 30, 2016 and 2015 was $33,099,698 and $25,913,550, respectively; such amounts are not reflected on the Company's consolidated statements of financial position at September 30, 2016 and 2015.

Real estate loans
Real estate loans are reported at the principal amount outstanding, net of an allowance for loan losses and deferred loan fees. Interest income is recognized on the accrual basis according to the contractual terms of the loans. Interest income is not recognized on loans past due 90 days or if collection of interest is deemed by management to be unlikely.

Loans for which the accrual of interest has been discontinued are designated nonaccrual loans. All interest previously accrued but uncollected is reversed against current-period interest income. Income on such loans is then recognized only to the extent that cash is received and when the ultimate collection of the carrying amount of the loan is probable. If and when borrowers demonstrate the ability to repay a loan in accordance with the terms of a loan classified as nonaccrual, the loan may be returned to accrual status.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Real estate loans (continued)
A loan is considered impaired when, based on current information and events, it is probable that the Company will be unable to collect the scheduled payments of principal or interest when due according to the amortization plan established in the contractual terms of the loan. Factors considered by management in determining impairment include payment status, collateral value, and the probability of collecting scheduled principal and interest payments when due. Impairment is measured by reference to the present value of expected future cash flows, discounted at the loan's original interest rate or to the estimated fair value of the collateral. If the valuation of the impaired loan is less than the recorded investment in the loan, the Company recognizes the impairment by creating a specific allowance for loan losses with a corresponding charge to the provision for loan losses or by adjusting an existing allowance for the impaired loan with a corresponding charge or credit to the provision.

Loans for which the borrower is experiencing financial difficulty and the Company has granted an economic concession to the borrower are referred to as troubled debt restructurings. Prior to modifying a borrower's loan terms, the Company performs an evaluation of the borrower's financial condition and ability to service the modified loan terms. The types of concessions granted may include interest rate reductions and/or term extensions.

Nonrefundable fees and direct costs associated with the origination of loans are deferred and netted against the outstanding loan balances. Net deferred loan origination fees are recognized in income over the remaining loan terms using the level yield method. Commitment fees are deferred and recognized as revenue over the life of the loans, if the commitments are exercised, or upon the expiration of the commitments.

The Company also received fees from potential borrowers to lock in the interest rates on the loans. These fees were deferred and amortized over the rate lock periods. Fees received from the prepayment of loans are recorded as revenue when received.

Loans held for sale
Loans are initially classified as held for sale when they are identified as being available for immediate sale and a formal plan exists to sell them.

Gains or losses resulting from loan sales are recognized at the time of sale based on the difference between net sale proceeds and the book value of loans sold. Loans held for sale are valued at the lower of cost or fair market value determined on an aggregate basis for all loans in inventory. Market value is based on commitments from purchasers.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Allowance for loan losses

The determination of the balance in the allowance for loan losses is based on an analysis of the loan portfolio and reflects an amount that, in management's judgment, is adequate to provide for probable incurred losses that are inherent in the portfolio after giving consideration to the character of the loan portfolio, current economic conditions, past credit loss experience, and such other factors that deserve current recognition in estimating credit losses. Unanticipated changes in the economy of the Company's primary lending area may affect the balance of the allowance. Because the allowance is based on estimates, ultimate losses may vary from management's estimates. The allowance is increased by provisions charged to expense and reduced by net recoveries.

Equipment and improvements

Equipment is recorded at cost and depreciated on a straight-line basis over the estimated useful lives of the respective assets, which range from three to five years. Leasehold improvements are amortized on a straight-line basis over the term of the lease.

Restricted net assets

The Company reports gifts of cash as restricted support if it is received with donor stipulations that limit its use. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. At September 30, 2016 and 2015, temporarily restricted net assets represented amounts restricted for scholarships.

Credit enhancement fee

The Company reports credit enhancement fee income in developer, broker fees, and other income. Credit enhancement fee income on participation interests sold consists of the Company's subordinated participation interest which is provided to reduce the risk to the buyer of a borrower's default. For the fiscal years ended September 30, 2016 and 2015, the credit enhancement fee income totaled $574,680 and $585,265, respectively.

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Summary of significant accounting policies (continued)

Use of estimates in the preparation of the consolidated financial statements
The preparation of consolidated financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Significant estimates reflected in the consolidated financial statements relate to the allowance for loan losses. Actual results could differ from those estimates.

2. REAL ESTATE LOANS

The Company primarily originates real estate loans for affordable housing in California. Loans originated by the Company are primarily funded by advances from member banks and are secured by a first deed of trust on the subject property of each respective loan.

The Company's loan portfolio at September 30, 2016 and 2015 is shown in the following table:

	2016	2015
Affordable Housing Multifamily	$ 233,505,402	$ 191,770,405
Loans held for sale	$ -	$ -

There were no transfers of loans held for investment to loans held for sale during the years ended September 30, 2016 and 2015.

The Company, to the extent that it is financially able, will maintain loan loss reserves and has the responsibility for any loan losses suffered. Only after the Company is not able to absorb potential losses will the losses become the financial responsibility of the member banks. In addition, the Company will continue to make monthly payments to its member banks even if it has not received payments from its borrowers.

The Company evaluates the credit quality of its loan portfolio based on internal credit risk ratings using numerous factors, including debt coverage and loan to value ratios, collateral, collection experience, and other internal factors. Internal credit risk ratings include pass, special mention, substandard, and specific reserve.

2. REAL ESTATE LOANS (CONTINUED)

Loans held for investment by credit quality category are as follows:

	2016	2015
Pass	$ 197,059,076	$ 159,082,336
Special mention	29,974,919	26,010,506
Substandard	6,471,407	6,677,563
Specific reserve	-	-
Total	$ 233,505,402	$ 191,770,405

The allowance for loan losses is composed of specific allowances for certain loans and general allowances grouped into loan pools based upon similar credit quality characteristics.

Activity in the allowance for loan losses for the years ended September 30, 2016 and 2015 is shown in the following table:

	2016	2015
Allowance for loan losses:		
Balance, beginning of year	$ 4,653,072	$ 5,296,440
Charge-offs	-	-
Recoveries	-	-
Provision	575,253	(643,368)
Balance, end of year	$ 5,228,325	$ 4,653,072
Ending balance:		
Individually evaluated for impairment	$ -	$ -
Collectively evaluated for impairment	$ 5,228,325	$ 4,653,072
Loans receivable:		
Ending balance:		
Individually evaluated for impairment	$ -	$ -
Collectively evaluated for impairment	$ 233,505,402	$ 191,770,405

A loan is considered impaired when it is probable that the Company will be unable to collect all amounts due, including principal and interest, according to the contractual terms of the related agreement. No loans were considered to be impaired at September 30, 2016 or 2015.

2. REAL ESTATE LOANS (CONTINUED)

An age analysis of loans receivable as of September 30, 2016 and 2015 is as follows:

	2016	2015
Past due:		
30-59 days	$ -	$ -
60-89 days	-	-
Greater than 90 days	-	-
Total past due	-	-
Current	233,505,402	191,770,405
Total Loans receivable	$ 233,505,402	$ 191,770,405
Total loans past due greater than 90 days, accruing	$ -	$ -

3. EQUIPMENT AND IMPROVEMENTS

A summary of the equipment and improvements at September 30, 2016 and 2015 are as follows:

	2016	2015
Office equipment	$ 867,882	$ 840,362
Leasehold improvements	250,148	250,148
Accumulated depreciation	(1,057,705)	(1,010,954)
Equipment and improvements, net	$ 60,325	$ 79,556

4. NOTES PAYABLE

Funding for loans originated by the Company is primarily provided by borrowings from member banks under the Agreement. As stated in the Agreement, the terms of the Company's borrowings from member banks are substantially the same as the terms of the loans the Company originates. The member banks receive an assignment of the collateral for the loans originated equal to their respective equity percentage interest in the loans. A nominal interest rate spread is retained by the Company.

Based on the terms of the Agreement, such participations by member banks are accounted for as secured borrowings with a pledge of collateral, and accordingly, the real estate loans and notes payable are included in the Company's consolidated statements of financial position.

In March 2015, the Company entered into a loan and security agreement with a bank which provides for a revolving credit facility of up to a maximum amount of $50,000,000. The credit facility expires March 24, 2017. Borrowings under the facility are to be used for the funding of real estate loans and bear interest at a fixed interest rate, determined by the lender at the time of borrowing plus 1.00%. Borrowings are collateralized by the related real estate loan including the real estate loan collateral. At September 30, 2016, there were no borrowings under the credit facility.

The aggregate scheduled principal payments based on each loan's respective amortization schedule at September 30, 2016, are as follows:

Years ending September 30,	
2017	$ 5,305,310
2018	5,450,959
2019	6,775,673
2020	5,973,602
2021	6,259,722
Thereafter	173,159,382
	$ 202,924,648

5. COMMITMENTS AND CONTINGENCIES

Loan commitments

The Company is a party to loan commitments with off-balance-sheet risk in the normal course of business to meet the financing needs of its customers. Commitments to extend credit are agreements to lend to a customer as long as there is no violation of any condition established in the contract. Commitments generally have fixed expiration dates or other termination clauses and may require payment of a fee. The Company evaluates each borrower's creditworthiness on a case-by-case basis. The value of collateral obtained upon extension of credit is based upon management's real estate evaluation and only includes income-producing property.

As of and for the years ended September 30, 2016 and 2015, the summary of deferred fees and commitments are as follows:

	2016	2015
Loan commitments unfunded	$ 80,087,654	$ 88,327,143
Deferred revenue on loan commitments unfunded:		
Nonrefundable loan application commitment fees	$ 2,395,216	$ 1,832,049

For the years ended September 30, 2016 and 2015, loan, commitment and rate lock fees were as follows:

	2016	2015
Expiration of commitments	$ 5,000	$ 101,719
Amortization of deferred fees	132,825	117,349
Fees earned - bond deals	227,999	136,008
Loan prepayment fees	-	64,551
Financing and placement fees	-	356,769
Loan sales	-	136,313
Other	41,783	25,968
Total	$ 407,607	$ 938,677

5. COMMITMENTS AND CONTINGENCIES (CONTINUED)

Lease commitments

The Company has a seven year and five month operating lease agreement for office facilities which commenced in December 2010. Under the terms of this lease, the Company pays monthly rental commencing December 2010 through April 2017. Future minimum lease payments are as follows:

Year ending September 30,	
2017	$ 101,286

Subsequent to year end, the Company entered into a new seven year and eight month operating lease agreement for new office facilities which is scheduled to start in March 2017. Under the terms of this lease, the Company pays monthly rental commencing March 2017 through October 2024. A summary of the future minimum lease payments follows:

Years ending September 30,	
2017	$ 63,277
2018	220,746
2019	227,385
2020	234,205
2021	241,219
Thereafter	790,217
	$ 1,777,049

6. TRANSACTIONS WITH MEMBER BANKS

At September 30, 2016 and 2015, the Company had $1,764,724 and $1,475,417, respectively, on deposit with a member bank. In lieu of interest, CCRC received an earnings credit against fees at 0.5%. Such amounts were in excess of the amount insured by the Federal Deposit Insurance Corporation.

6. TRANSACTIONS WITH MEMBER BANKS (CONTINUED)

Substantially all of the Company's loans are financed by member bank participation. Based on excess reserves and the low interest rate investment market, CCRC's board authorized the liquidation of the managed investment portfolio and CCRC-funding of loans up to a level whereby $1,000,000 in reserves would be maintained in a liquid investment account. All CCRC-funded loans are approved by the loan committee in the same manner as all member bank-funded loans. If additional liquidity is required, CCRC would participate these loans to member banks.

As of September 30, 2016 and 2015, CCRC-funded loans totaled $30,321,542 and $29,299,023, respectively.

Interest expense related to the loans financed by member banks amounted to $10,958,033 and $8,757,493 for the years ended September 30, 2016 and 2015, respectively.

7. CONTINGENT LIABILITY

CCRC began offering nonprofit affordable housing developers access to the Federal Home Loan Bank (“FHLB”) Affordable Housing Program (“AHP”) in 1997. These grants are subject to certain restrictions, and if the developers become noncompliant with the terms of the grants, they will be asked to pay the grants back on a pro rata share based on how long the developers have been in compliance with the terms of the projects. To offer this program, CCRC established a strategic relationship with one of the member banks, which is also an FHLB shareholder. This relationship allows CCRC to market AHP to developers, with the member bank accessing the funds through the FHLB. Since the developers are not direct customers of the member bank, CCRC has entered into a hold-harmless agreement with the member bank. Should the developer be unable to comply with the terms under which the grant was awarded and be unable to repay or come back into compliance, CCRC agreed to be responsible for any recapture of the grant called for by the FHLB. Effective September 30, 2007, CCRC and the member bank agreed to change the hold-harmless agreement. Under the new agreement, CCRC is responsible for one percent (1.00%) of any recapture of the grant called for by the FHLB. The FHLB can inform the member bank and CCRC of the developers’ noncompliance. Outstanding grants totaling $7,823,665 as of September 30, 2016 and 2015, are covered by the indemnification agreement.

8. DEFERRED COMPENSATION PLAN

The Company has established a 403(b) deferred compensation plan (the "Plan") for its employees. The Plan is offered to all full-time employees who are 21 years or older and have been with the Company for more than one year. Effective January 1, 2000, the Plan was converted to a 401(k) deferred compensation plan, which allows for employer matching. Eligibility requirements and vesting did not change from the conversion. For the years ended September 30, 2016 and 2015, the Company matched contributions of $139,828 and $122,914, respectively, into the 401(k) plan.

9. FUNCTIONAL ALLOCATION OF EXPENSES

The cost of providing the various programs and other activities have been summarized in the consolidated financial statements. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Expenses for the year are classified as follows:

	2016	2015
Program services		
Affordable housing financing and servicing	$ 14,796,248	$ 11,193,286
Scholarships	43,544	33,326
	14,839,792	11,226,612
Supporting activities		
Management and general	487,625	684,795
Fund-raising	-	-
Total expenses	$ 15,327,417	$ 11,911,407

10. TAX STATUS

CCRC is a qualified charitable organization under Section 501(c)(3) of the Internal Revenue Code and under the State of California tax regulations and therefore, is not subject to federal or state income taxes in connection with its exempt activities.

10. TAX STATUS (CONTINUED)

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by CCRC and to recognize a tax liability (or asset) if CCRC has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. Management has analyzed the tax positions, and has concluded that as of September 30, 2016, there are no uncertain positions taken or expected to be taken that would require recognition of the liability (or asset) or disclosure in the consolidated financial statements. CCRC is subject to routine audits by taxing jurisdictions and could be subject to income tax if certain issues were found by the IRS that could result in the disqualification of CCRC's tax exempt status. Although there are currently no audits for any tax periods in progress, returns for the tax years after 2012 remain subject to examination.

11. FAIR VALUES OF FINANCIAL INSTRUMENTS

The estimated fair value amounts as of September 30, 2016 and 2015, have been determined using available market information and appropriate valuation methodologies. However, considerable judgment is required to interpret market data to develop estimates of fair value. Accordingly, the estimates described below are not necessarily indicative of the amounts the Company could realize in a current market exchange. The use of different market assumptions and/or estimation methodologies may have a material effect on the estimated fair value amounts.

The methods and assumptions used to estimate the fair value of each class of financial instrument for which it is practicable to estimate that value are explained below:

Cash and Cash Equivalents - The carrying amounts approximate fair values due to the short-term nature of these instruments.

Real Estate Loans - Based on sales to third parties, current interest rates offered by the Company and the interest rates related to the loan portfolio, the carrying amounts of loans are estimated to approximate fair value. It is the Company's opinion that the allowance for estimated loan losses results in a fair valuation of such loans.

Notes Payable Member Banks - Based on the current interest rates on notes payable to member banks and the interest rates related to the existing borrowings, the carrying amounts of such borrowings are estimated to approximate fair values

Interest Receivable and Interest Payable - The carrying amounts of these items are a reasonable estimate of their fair values due to their short-term nature.

12. SUBSEQUENT EVENTS

The date to which events occurring after September 30, 2016, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is November 29, 2016, which is the date on which the consolidated financial statements were available to be issued.

SUPPLEMENTAL INFORMATION

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
(a California Not-for-profit Organization)

ASSETS AND LIABILITY DATA
SEPTEMBER 30, 2016

ASSETS

BALANCE SHEET - ASSETS		
100	Cash and Cash Equivalents	$ 1,764,724
101	Escrow Deposit Cash	-
102	Restricted Cash / Compensating Balances	-
103	Trading Account Securities	-
104	Net Mortgage Servicing Rights	-
105	Other Real Estate Owned at Net Realizable Value	-
106	Loans Held for Investment	226,406,750
BALANCE SHEET - UNACCEPTABLE ASSETS		
200	Pledged Assets	$ -
201	Assets Due from an Officer, Stockholder, or Related Entity	-
202	Personal Interest Investment	-
203	Investment in Related Entity, Greater than Equity As Adjusted	-
204	Intangible Assets, Net of Amortization	-
205	Value of Servicing Contract not in Accordance with ASC 948 and ASC 860	-
206	Assets not Readily Marketable	-
207	Marketable Security in Excess of Cost or Market	-
208	Amount in Excess of Foreclosure Value	-
209	Assets Used for Personal Enjoyment	-
210	Other Unacceptable Assets	64,194
211	Contributed Property in Excess of Appraised Value	-
212	Total Unacceptable Assets	$ 64,194
BALANCE SHEET - LIABILITY		
300	Escrows Payable	$ -

(Continued)

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
(a California Not-for-profit Organization)

REVENUE AND EQUITY DATA
SEPTEMBER 30, 2016

STATEMENT OF OPERATIONS AND EQUITY - REVENUE

400	Gross Interest Income	$ 13,430,636
401	Net Marketing Gain (Loss) on Loans and MBS Sold with Servicing Retained	-
402	Net Marketing Gain (Loss) on Loans and MBS Sold with Servicing Released including the Servicing Release Premium	25,907
403	Net Gain (Loss) on Sales of Servicing Rights	-
404	Net Gain (Loss) from Servicing Valuations	-
405	Net Gain (Loss) from Sale of Securities	-
406	Net Gain (Loss) on Sale of OREO	-
407	Retail Origination Fees	407,607
408	Net Loan Administration Income	653,808
409	Correspondent and Broker Fee Income	-
410	Other Retail Origination Income	-
411	Other Income (Loss) Related to Mortgage Lending Activities	-
412	Other Income (Loss) Not Related to Mortgage Lending Activities	677,220
413	TOTAL REVENUE	$ 15,195,178

STATEMENT OF EQUITY

500	Balance at Beginning of the Year, as Reported	$ 22,919,592
501	Prior Period Adjustments	-
502	Balance at Beginning of the Year, Restated	22,919,592
503	Net Income	(132,239)
504	Dividend / Distribution	-
505	Contributions - from Cash Flow Statement	-
506	Contributions - Non-cash	-
507	Other Equity	-
508	ENDING BALANCE	$ 22,787,353

(Continued)

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION
(a California Not-for-profit Organization)

COMPUTATION OF ADJUSTED NET WORTH
AND LIQUIDITY DATA
SEPTEMBER 30, 2016

NET WORTH		
600	FHA Servicing Portfolio	$ -
601	FHA Originations	-
602	FHA Purchases	-
603	Subtotal - FHA Loan Activity	-
604	FHA Origination Servicing Retained	-
605	FHA Purchase Servicing Retained	-
606	Subtotal - Servicing Retained Adjustments	-
607	TOTAL ADJUSTED FHA LOAN ACTIVITY	$ -
608	Net Worth Required Baseline	$ 1,000,000
609	Additional Net Worth Required	-
610	Total Minimum Net Worth Required	$ 1,000,000
611	Stockholder Equity - Ending Balance	$ 22,787,353
612	Total Unacceptable Assets	(64,194)
613	ADJUSTED NET WORTH	$ 22,723,159
614	Adjusted Net Worth Above / Below Required Minimum Amount	$ 21,723,159
LIQUIDITY		
700	Cash and Cash Equivalents	$ 1,764,724
701	Trading Account Securities	-
702	Total of Liquid Assets per HUD Guidelines	1,764,724
703	Liquid Assets Required	200,000
704	Liquid Assets Above / Below Required Amount	$ 1,564,724

KALLMAN+THOMPSON+LOGAN, LLP

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

MICHAEL CARTER
ANDREW KALLMAN
FRANCES KALLMAN
MICHAEL R. KALVIN
STEPHEN LOGAN
THOMAS P. MCMILLAN
ABRAHAM MIZRAHI
STANLEY F. SHIMOHARA
MICHAEL G.THOMPSON
GREGG R. WIND
ADA M. WONG

Board of Directors
California Community Reinvestment Corporation
Glendale, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the consolidated financial statements of California Community Reinvestment Corporation and subsidiaries (the "Company"), which comprise the consolidated statements of financial position as of September 30, 2016 and 2015, and the related consolidated statements of activities and cash flows for the two years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated November 29, 2016.

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Internal Control Over Financial Reporting

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

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

MEMBER AMERICAN
INSTITUTE OF CERTIFIED
PUBLIC ACCOUNTANTS
AND CALIFORNIA
SOCIETY OF CERTIFIED
PUBLIC ACCOUNTANTS

(Continued)

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Kallman+Thompson+Logan, LLP

KALLMAN+THOMPSON+LOGAN, LLP

Los Angeles, CA
November 29, 2016

KALLMAN+THOMPSON+LOGAN, LLP

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ANDREW KALLMAN
FRANCES KALLMAN
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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR HUD PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS

Board of Directors
California Community Reinvestment Corporation
Glendale, California

Report on Compliance for Major HUD Program

We have audited California Community Reinvestment Corporation and subsidiaries' (the "Company") compliance with the compliance requirements described in the Consolidated Audit Guide for Audits of HUD Programs (the Guide) that could have a direct and material effect on the Company's major U.S. Department of Housing and Urban Development (HUD) program for the year ended September 30, 2016. The Company's major HUD program and the related direct and material compliance requirements are as follows:

Name of Major HUD Program:
FHA Title II Non-supervised Lender
Direct and Material Compliance Requirements:
• Quality control plan • Loan origination • Federal financial and activity reports • Lender annual recertification, adjusted net worth, liquidity and licensing • Loan settlement • Kickbacks

Management's Responsibility

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

(Continued)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR HUD PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS (CONTINUED)

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Company's major HUD program based on our audit of the compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the Guide. Those standards and the Guide require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the compliance requirements referred to above that could have a direct and material effect on a major HUD program occurred. An audit includes examining, on a test basis, evidence about the Company's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the major HUD program. However, our audit does not provide a legal determination of the Company's compliance.

Opinion on Major HUD Program

In our opinion, the Company complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major HUD program for the year ended September 30, 2016.

Report on Internal Control over Compliance

Management of the Company is responsible for establishing and maintaining effective internal control over compliance with the compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Company's internal control over compliance with the requirements that could have a direct and material effect on the major HUD program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the major HUD program and to test and report on internal control over compliance in accordance with the Guide, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Company's internal control over compliance.

(Continued)

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR MAJOR HUD PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE CONSOLIDATED AUDIT GUIDE FOR AUDITS OF HUD PROGRAMS (CONTINUED)

Report on Internal Control over Compliance (Continued)

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

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

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

KALLMAN+THOMPSON+LOGAN, LLP

November 29, 2016

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION

SCHEDULE OF FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

YEAR ENDED SEPTEMBER 30, 2016

Our audit disclosed no findings that are required to be reported herein under the Consolidated Audit Guide for Audits of HUD Programs.

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION

SCHEDULE OF THE STATUS OF PRIOR YEAR AUDIT FINDINGS, QUESTIONED COSTS, AND RECOMMENDATIONS

YEAR ENDED SEPTEMBER 30, 2016

1. Audit report dated December 3, 2015, for the period ended September 30, 2015, issued by Kallman+Thompson+Logan, LLP:

   Not applicable as there were no findings from the prior audit report.

2. There were no reports issued by HUD OIG or other Federal agencies or contract administrators during the period covered by this audit.

3. There were no letters or reports issued by HUD management during the period covered by this audit.

CALIFORNIA COMMUNITY
REINVESTMENT CORPORATION

CORRECTIVE ACTION PLAN

YEAR ENDED SEPTEMBER 30, 2016

A. Current findings on the schedule of findings, questioned costs, and recommendations:

   Not applicable as there were no findings.

B. Status of corrective actions on findings reported in the prior audit schedule of findings, questioned costs, and recommendations:

   Not applicable as there were no findings.

IDENTIFICATION OF LEAD AUDITOR

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