

CITY OF VALLEJO, CA

“CONSOLIDATED PLAN”

Proposal Submission

Response to City of Vallejo Regarding Provision of Social Services

Applicant: Heart and Hands of Compassion



RECEIVED
City of Vallejo
Housing and Community
Development Division

JAN 29 2015

Referred to _____

Submitted January 29, 2015

Applicant information:

Legal Name:

Hands and Heart of Compassion, Inc.
501(c)3 Non-Profit Organization

Employer Identification Number:

30-0527856

Address:

1480 Wharton Way
Concord, CA 94521

Mailing Address:

P.O. Box 5783
Concord, CA 94524

Phone Number:

(925) 687-9977
(925) 250-5194

Fax Number:

(925) 687-9944

e-mail:

info@hhofc.org

DUNS number:

829424378

Contract applying for:

Consolidated Plan – Response to City of Vallejo Regarding Provision of Social Services

Date Submitted:

January 29, 2015

Proposed Project

Start Date

July 1, 2015

End Date

June 30, 2016

Estimated Funding Requested:

\$409,765.00, including recaptured funds from sold homes - budget in **Appendix B**.

Principle staff

Paul Hodge acts as Executive Director for Heart and Hands of Compassion. He is also a licensed general contractor and sole owner with his wife of Hodge Construction, Inc., a construction business with a stellar 15 year history in Contra Costa County. Paul Hodge, oversees all construction, secures bids, and manages all subcontractors engaged to renovate purchased homes, and ensures completion of the renovations.

A diligent and hardworking general contractor, Paul Hodge is also a licensed termite operator and a certified licensed lead abatement supervisor. His expertise in coordinating with individuals, city and county representatives, subcontractors, and real estate brokers, as well as his extensive hands-on construction and real estate expertise has made him renowned for producing a superior product in a timely and efficient manner, usually below budgeted cost.

Paul Hodge Certifications

General Contractors License "B"	#	768394
Pest Operator	#	10794
Supervisor Lead Certificate	#	19933
EPA Lead Safe Certificate	#	40064-1

Rosita Hodge: Owner and founder of Lead Abatement Inc., licensed with the California State Contractors Board, completed lead abatement certification with the Department of Public Health in the State of California, and opened this small business to further passion for children’s protection from the negative impact of the tragic consequences of lead based paint hazards involved. She directly negotiates contract with clients acting as general contractor for major construction work including commercial, residential, additions, remodels, either performing work itself or hiring and managing qualified professional subcontractors. Coordinates and supervises all field operations, ensuring that all safety and hazards communications, practices, and plans are in compliance with all state and local regulations, adheres to the strictest of budgets while completing excellent quality work in a timely and efficient manner. She also handles all billing and reporting documentation requirements.

Rosita will lead the business administration of this collaboration as she multi-tasks various organization priorities. She manages and oversees the accounting department, including preparation of reports for reconciliation of funds expended and administrative operations of HHC. She will help ensure that all details of the jobs are completed with a high degree of competency. She will manage payroll, contractor, and OSHA compliance requirements. She will also help manage the liaison between all entities that work on each job to ensure accuracy and integrity.

Rosita will ensure that prevailing wages are accurate and being applied to each job if needed. All National Environmental Quality Act (NEPA) reviews will be administered through her office. She will also support all fair housing practices and Section 504 of the federal disabilities act to ensure compliance, and ensure compliance of CA Labor Code Sections 1720 and 1770.

Rosita Hodge Certifications

General Contractors License “B”	#	945185
Supervisor Lead Certificate	#	20007
EPA Lead Safe Certified	#	40056-1

Daryl Drummond helps organize Heart and Hands of Compassion to provide food distribution and low income housing to the less fortunate in Contra Costa County, and serves as the Chairman of our Board. All members of the Board volunteer their professional services to help oversee the non-profit. Daryl is a Ph.D. scientist and senior manager with Merrimack Pharmaceuticals, a small biotechnology company with locations in South San Francisco, CA, and Cambridge, MA, and is their Senior Director of Research in Nanotechnology.

Resumes and letters of board are included in **Appendix A**.

Heart and Hands of Compassion is a non-profit corporation that was established in 2009 to help the least fortunate within our community. The primary methods for realizing this goal include using the multifaceted expertise within our team to meet the needs of this group by helping distribute donated food through our food distribution program and by helping low income families acquire affordable housing within the community. HHC facilitates the provision of low income housing to buyers in the community who would otherwise be unlikely to qualify to be homeowners, through the identification, acquisition, renovation, and sale of foreclosed or abandoned properties.

In August 2009, HHC began participating in the Contra Costa County NSP program which funds the purchase and rehabilitation of homes in the Contra Costa County area. Once rehabilitated, these homes were sold to low to moderate income families. In May 2010, HHC began participating in the City of Antioch’s NSP program which funds rehabilitations in the City of Antioch. In February 2012, HHC began participating in the City of Vallejo’s NSP program which funds rehabilitations in the City of Vallejo.

During 2014, 3 homes were acquired and 3 homes were sold. During 2013, 3 homes were acquired and 6 were sold. During 2012, 7 homes were acquired and 5 were sold. During 2011, 5 homes were acquired and 7 were sold. During 2010, 14 homes were acquired and 11 were sold. During 2009, 1 home was acquired.

Specific Aims and Strategy

A cursory review of MLS-listed properties in high priority areas shows a large number foreclosed homes in the **City of Vallejo** areas with listed home prices from \$70,000 on up and including approximately 280 homes actively below \$200,000. These do not include many bank-owned homes that often never make it onto the MLS. Many of these properties had estimated values that were significantly higher (1.5-2-fold or more) than the listed price and were sold within the past five years at a price that could be as high as 1-2 times as high as the listed price. Our strategy will be to acquire homes at as much as 10-30 % or

more under appraised value to ensure (1) the highest value for our target low income new owners and (2) that the properties are quickly moved from the market. We will accomplish this goal through (1) careful selection of high promise properties, (2) aggressive negotiation for maximum discounts with lenders, (3) providing reasonable yet high quality/value rehabilitation of the properties to maximize value upon reentry of the property onto the market, and (4) by aiding our target low income homeowners in getting affordable loans. We have assembled a highly skilled and talented staff of employees, partners, and volunteers to aid us in this goal. We believe that in order to fulfill the aims of the Consolidate Plan program that comprehensive and well integrated strategies for each project must be implemented to ensure that the target groups are being served and that properties rehabilitated are of high enough value to ensure that they don't remain on the market for significant lengths of time following their rehabilitation. We believe that the assembly of a multi-disciplinary team such as that put together by Heart and Hands of Compassion will help to realize these aims, and that our track record with Contra Costa's NSP program and City of Vallejo's NSP3 and HOME programs demonstrates our approach will be a successful one that will result in the maximum impact of the funds allocated to the City of Vallejo under the "Consolidate Plan" program. The Gantt chart shown in **Appendix C** outlays our plan for acquiring and rehabilitating homes, including estimated time lines for completion of each task. The accelerated timelines are consistent with our previous experience in turning around NSP homes in Contra Costa County's own NSP program and City of Vallejo's NSP3 and HOME programs, and an actual development timeline for work done on one of these properties is shown in **Appendix D**.

Currently HHC accommodates the City of Vallejo's targeted households for proposed affordable housing through Community Housing Development Corporation's (CHDC) screening and processes. Should the City of Vallejo require a different approach in assessing low income eligible prospective homebuyers, HHC would adjust accordingly. However, at this time it is HHC's expectation to continue with the same system between City of Vallejo and CHDC.

Fiscal Policies & Procedures

The organization works under a contract with City of Antioch and City of Vallejo under the Neighborhood Stabilization Programs to identify, acquire and rehabilitate distressed single family homes in designated areas for sale to eligible individuals. Funds for acquisition and renovation are provided by the county/cities. The services, the terms of sale and buyers' eligibility are all subject to prior approval by the county/city under the terms of this contract to ensure compliance, including no profit taking on the part of the organization.

HHC maintains a highly competent accounting system specifically designed to comply with clients' needs and to balance with their accounting records. HHC utilized QuickBooks as an efficient and accurate system of documenting, recording, and tracking all accounting transactions to accommodate auditing and budget requirements as necessitated by county/cities.

HHC utilizes external consultation from a firm of certified public accountants for tax return preparation and accounting advice.

Qualifications & Viability

The City of Vallejo's Consolidated Plan provides the ideal circumstances to realize HHC's vision to house the less fortunate within the community. The Plan requires acquisition and rehabilitation of properties located in areas within Vallejo with high concentrations of foreclosed homes. As HHC has done in the last several years with Contra Costa County and City of Vallejo, qualifying properties fulfilling the Plan's required criteria will be identified and brought to the attention of the City of Vallejo's Department of Conservation and Development for review and approval. Since HHC is highly committed to a strategy that focuses on enabling eligible low income homebuyers to obtain high value properties at affordable cost, it will actively seek qualifying potential buyers and aid them in acquiring appropriately low interest and stable loans, such as 30 year fixed. HHC will also assist in ensuring the necessary HUD-approved counseling. References of similar project experience can be found in **Appendix E**.

Heart and Hands of Compassion has acquired and rehabilitated 7 different homes of which 6 have sold through City of Vallejo's own NSP3 and HOME programs. 1 property, 100 Platt Ct, in Vallejo, was acquired in late November of 2014 with an estimated rehabilitation completion date of January 30, 2015. This project represents HHC's most current activity.

Additionally, HHC has acquired and rehabilitated 25 different homes of which 25 have been sold through Contra Costa County's own NSP, demonstrating that HHC is capable of aiding priority areas in this Consolidate Plan Program by getting maximum benefit from its own program despite the significantly shortened timeline. The details of this work are shown In **Appendix D**.

HHC is proposing to City of Vallejo to acquire and rehabilitate at least 3 foreclosed houses in Vallejo within the next two (2) year period of 2015/2016.

Affiliated Entities

HHC includes a number of different entities, and the following as indicated below:

Hodge Construction has been in business in Contra Costa County for more than fifteen (15) years. This company has a proven history in Contra Costa County and City of Vallejo of providing management services for the reconstruction under a bidding process for remodeling and enhancement of homes which include, but are not limited to, kitchens, bathrooms, bedrooms, windows, heating and air, lead abatements following Renovate Right, RRP Rule, and EPA Guidelines.

Mustico Realty, located locally in Vallejo, specifically through agents **Verna Mustico and Barbara Chavez**, local residents of Vallejo, work as a team and have a proven history of selling NSP properties.

HHC has a full list of all collaborating groups and subcontractors. These include banks that we have worked with in the past to acquire other NSP homes, realtors, title companies, insurance and bonding

companies, appraisers, building inspectors, lead inspectors, contractors, subcontractors, CPAs and auditors. We have extensive experience working with this group of individuals and companies that have allowed us to quickly acquire, rehabilitate, and sell NSP homes in the past.

Uniqueness of this Collaboration

- This collaboration has the ability to work anywhere in Contra Costa County and City of Vallejo
- This collaboration can initiate this program within ten (10) days of award.
- This collaboration has a history of working together successfully.
- This collaboration has a history of working in low income areas.
- This collaboration’s principal staff includes a Latino woman with a known history of community involvement and improvement.
- This collaboration has other resources/partnership that can be activated should the need arise.
- This collaboration has a history of succeeding with jobs of this magnitude and scope.
- This collaboration has a history of prevailing wage certificates and payrolls.

HUD Counseling

All eligible homebuyers will be provided at least (8) hours of homebuyer counseling through Community Housing Development Corporation, a HUD approved housing counseling agency. CHDC is located at 1535-A Fred Jackson Way, Richmond CA 94801. They can also use an online service to complete this course.

Budget

A comprehensive budget is included as **Appendix B**. This budget includes job material estimates and long term expectations. The collaboration will work with the City of Vallejo to ensure that all funds are monitored, reported and obligated on a monthly and quarterly basis with all funds being obligated by July 1, 2015 for the initial round of funds. Additional funds recaptured from the purchase of the initial homes can then be used to finance subsequent homes.

Budget Assumptions

The assumption is that a home may take as little as \$20,000 to upwards of \$85,000 depending on the work needed. A breakdown of the costs in the budget for eighteen homes is provided below in Table 1. The total cost of rehabilitation for 8 homes is \$411,100. This is an average of \$51,388 per home.

In general, the lower the cost of a foreclosed home, the more likely the need of the most reconstruction. Each residence will be evaluated on a case by case basis. Each home will be critiqued on the HUD standard of qualities.

Purchasing assumptions are calculated by using averages per home.

The initial cost of each residential property is assumed to be between \$80,000 and \$150,000 and will be purchased at a rate at least 1% below the appraised value, and preferably targeted at greater than 10 % discount. We have estimated an initial purchase price of \$136,862.82 and an average acquisition price of \$140,119.08 for the homes moving forward which is in part based on our experience with the acquisition of 33 homes through Contra Costa’s, City of Antioch’s, and City of Vallejo’s NSP programs.

Average Purchase & Total Acquisition

Property No.	Street Name	Purchase	Total Acquisition
1	Hanlon	\$ 92,000.00	\$ 92,675.00
2	Clare	\$ 83,500.00	\$ 86,346.29
3	Krueger	\$ 136,287.00	\$ 138,390.19
4	1391 Gamay	\$ 127,616.00	\$ 129,769.19
5	Mockingbird	\$ 140,265.00	\$ 143,167.19
6	1260 Linden	\$ 191,885.00	\$ 194,187.19
7	Kay	\$ 167,148.00	\$ 169,450.19
8	Richard	\$ 175,500.00	\$ 181,851.10
9	Waterford	\$ 159,640.00	\$ 161,943.19
10	1510 Gamay	\$ 114,934.00	\$ 117,237.19
11	Filbert	\$ 133,312.00	\$ 135,583.19
12	W. 9th St.	\$ 1.00	\$ 3,743.85
13	Bayside	\$ 162,394.00	\$ 165,477.00
14	El Rey	\$ 118,000.00	\$ 121,489.95
15	Hemlock	\$ 106,500.00	\$ 109,665.10
16	1206 Linden	\$ 177,500.00	\$ 181,731.52
17	D St.	\$ 93,925.00	\$ 96,906.51
18	Mayette	\$ 102,929.00	\$ 105,783.56
19	Johnson	\$ 120,272.00	\$ 123,197.40
20	Madrone	\$ 103,142.00	\$ 106,049.62
21	El Dorado	\$ 117,000.00	\$ 119,908.66
22	Nicole	\$ 155,000.00	\$ 159,210.78
23	Delta Meadows	\$ 121,417.00	\$ 123,833.38
24	Arch Ct	\$ 145,000.00	\$ 148,600.50
25	Coghlan	\$ 138,712.00	\$ 141,034.58
26	Mountain View	\$ 167,300.00	\$ 170,625.11
27	Puffin	\$ 231,300.00	\$ 234,684.10
28	G Street	\$ 166,827.00	\$ 170,035.25
29	Karen	\$ 98,300.00	\$ 101,629.05
30	Griffin	\$ 151,965.00	\$ 156,932.67
31	Tennessee	\$ 179,000.00	\$ 184,840.21
32	Birch	\$ 141,902.00	\$ 145,696.55
33	Platt	\$ 196,000.00	\$ 202,254.33
Average cost		\$ 136,862.82	\$ 140,119.08

A development fee of \$30,000 has been added to each property, which is identical to the amount provided for in Vallejo’s Consolidate Plan program.

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There is a real-estate fee of 6 % for sale of the rehabilitated property. There will be no upfront fee for negotiation with the banks for acquiring the property initially, but we do estimate \$4,000-6,000 in escrow fees and closing costs for the acquisition.

Hands and Heart of Compassion will also work to ensure that work is done as Green as possible, including the installation of energy efficient appliances, sealing of windows and doors, low-water use toilets, and appropriate insulation.

Indirect Costs: Heart and Hands of Compassion maintain a relatively low 20 % indirect cost rate. This rate includes the following: costs for professional services including accounting services, a part time office manager, administrative assistant, liability insurance, rent, utilities, office supplies, etc.

Assumptions of Remodeling Costs:

Purchase of individual homes: Range \$40,000 to \$150,000. We estimate that the average acquisition price to be \$85,000 per home. Based on our extensive experience over the years:

1. Five in eight homes need roofing
2. Three in four homes need kitchen remodels
3. Three in four homes need bathroom remodeling
4. Two out of four need plumbing
5. Two out of four need electrical
6. Every home will need carpet and painting
7. Every home will need professional cleaning.
8. Every home will need dumpster and trash hauling
9. Every home will need new locks and doors
10. Three in four homes will need a heating system
11. Two in four homes will need at the minimum front yard landscaping and fencing.
12. Three out of four homes will need appliances.
13. Four out of four homes will need Termite report.
14. Three out of four homes will need windows.
15. Four out of four homes will need permits / fees / inspections.

Itemized Assumptions are shown in the above table for each of the items requiring work.

The total amount required for this project was estimated at \$700,000 to \$750,000 being recouped through sales of rehabilitated homes.

Additional documents are shown in **Appendix F**.

Appendix A. Resumes

PAUL HODGE

1248 S Rosal Avenue

Concord, CA 94521

925.687.9977 / mail@hodgeconstruction.us

Objective: To own and manage a sole proprietorship. To use his extensive experience in remodeling and enhancing residential homes with detailed estimates and comprehensive contracts. To manage projects with timely deadlines and labor excellence. Paul brings energy, wisdom and expertise to every job.

Sept 1999-present Hodge Construction Owner

Proprietor of Hodge Construction, a construction company which specializes in remodeling and reconstruction. Primary duties include remodeling homes for medium to low income clientele. Also on the contractors list for the Neighborhood Preservation Program Contra Costa County/HUD, and City of Concord Home Repair Program.

Vast experience includes, but is not limited to, remodeling homes and additions, air conditioning and heating, windows, plumbing, kitchens, appliance removal and installations, electrical remodels, electrical foundations, drywall and painting, as well as, termite inspection, treatment and repairs.

Manages and directs subsidiary companies. History of job integrity, timely completion and strict budget adherence, with a main focus to outsource work to equal opportunity contractors and/or laborers.

1998-present Ax Termite Control Owner/Termite Operator

Proprietor of Ax Termite Control, a termite inspection company. Inspects and performs termite repairs and treatments.

January 2009 – present Executive Director of Heart and Hands of Compassion

Oversees and manages the various operations of the organization. Searches, evaluates, and negotiates the acquisition of NSP homes. Ensures that all properties meet NSP requirements, including checking for liens on selected properties and making sure properties are foreclosures and vacated. Coordinates with inspectors to ensure all work done up to local building codes. Calculates pricing of homes and negotiates marketing plan. Success demonstrated by the acquisition of 18 properties, all rehabilitated in less than a year under Contra Costa County's NSP program

1995 – 1998 H&H Home Repairs Owner

Home repair company involving miscellaneous construction jobs which built his clientele and established his ability and experience in the construction arena.

1993-1998 Concord Termite Control Field Representative

Subcontractor inspecting and performing termite repairs.

1993-1998 Stewart Heating & Air Installer

Removed and installed new heating and air systems with duct work, electrical and gas components.

Certifications and Licensing

General Contractors License "B"	#	768394
Structural Pest Operator	#	10794
Lead Supervisor Certificate	#	19933
TracPipe	#	1248561
RHI Inspector		Housing Inspection Foundation
EPA Certified	#	40064-1
EPA Lead Renovator	#	R-R-18909-10-00028

ROSITA HODGE

1248 S Rosal Avenue
Concord, CA 94521
925.687.9977

Rosita Hodge began her professional career in 1988 in Guatemala. Native born in an impoverished country, she dedicated herself to the children of her country with a career as a child educator. Fluently bilingual in English and Spanish.

Lead Abatement – 2009 - Present

Owner and founder, licensed with the Ca State Contr. Board, completed lead abatement certification with the Department of Public Health in the State of California, opening this small business to further passion for children's protection from the negative impact of the tragic consequences of lead based paint hazards involved. Directly negotiates contract with clients acting as general contractor for major construction work including commercial, residential, additions, remodels, either performing work itself or hiring and managing qualified professional subcontractors. Coordinates and supervises all field operations, ensuring that all safety and hazards communications, practices, and plans are in compliance with all state and local regulations, adheres to the strictest of budgets while completing excellent quality work in a timely and efficient manner. Handles all billing and reporting documentation requirements

Hodge Construction – 1999 - Present

Office administrator for Hodge Construction, ensuring that all administrative, accounting and reporting areas of the office are run efficiently, in compliance with state and federal standards, and that projects are completed timely.

Ax Termite Control – 2006 - Present

Manages company created to handle pesticide treatments and control, ensuring that all California standard practices and reporting are done for all clients. Generates reports that include description of wood destroying pests and organisms, as well as cost estimates, contracts, billing, and itemization of all treatments used.

Heart and Hands of Compassion, Inc. – 2010 - Present

Office manager responsible for the supervision and/or administration of accounting, budgeting, preparation of supporting documentation, project scheduling, work in progress and field coordination reporting. Main contact with NSP and HOME funds staff, accommodating same with detailed financial records, contractors' lien releases, and all required documentation. Tracks individual projects hands-on, complying with contractual commitments, keeping itemized records of all expenses with

accountability of change orders. Ensures the best product results from the most cost effective basis.

ApaRent – 2000 - Present

Became a joint property manager along with her husband. Over the years, has managed several different properties throughout Contra Costa County, currently manages a 4-plex unit in Concord, CA.

Certifications and Licensing

General Contractors License	#	945185
Lead Supervisor Certificate	#	20007
EPA Certified	#	40056-1
EPA Lead Renovator	#	R-R-18909-10-00016

Verna Mustico

Mustico Realty



Verna has drive, compassion, and the willingness to give of herself, her time and her assets to many organizations in Vallejo.

Verna believes that helping others is the most important thing in life, and her commitment to the Vallejo community for more than 40 years attests to her philosophy.

Verna combines the qualities of compassion and service with a businessperson's ability to make things happen and to provide humanitarian leadership for the people of Vallejo.

Because of Verna's vision and commitment, Sutter Solano Medical Center has a helipad. Verna organized a community wide campaign to raise \$250,000 to support this project. The helipad provides airlift services for all medical emergency patients in the Vallejo area.

Verna served 17 years on the Board of Directors for Sutter Solano Medical Center – including two years as Chairman of the Board – she co-chaired a successful \$500,000 fundraising campaign for building expansion.

Verna served as a member of the Salvation Army Advisory Board for 25 years and was instrumental in helping the Salvation Army find its last location in Vallejo.

Verna's involvement in the Rotary Club includes serving as a past-president and continues on the committee that gives dictionaries to all the third grade students in both public and private schools in Vallejo.

Verna has also served on the board of the Vallejo Symphony Association, serving two years as their president, and

Verna is a past president and board member of the Downtown Association.

Verna served as the director of the Vallejo Naval and Historical Museum.

Verna is a lifetime member of Beta Sigma Phi sorority.

Verna served on the City of Vallejo Planning Commission for seven years.

Verna has served on the Vallejo Unified School District Committee for new schools and redistricting committee.

Verna serves on the Chamber of Commerce Board and served as Board Chair in 2006. During her term, Chamber accomplishments included: establishing a new independent headquarters in downtown Vallejo; organizing a first ever trade mission to the Philippines with the Vallejo Business Alliance; and establishing the Leadership Vallejo program. During her tenure the Chamber was also awarded Compliance Partner of the Year by the California Chamber and Business of the Year by the Solano Transportation Authority.

Verna was named Merchant Hall of Fame for 2010 by the Vallejo Chamber of Commerce and received the Chambers Athena Award. Verna was again appointed to the Chamber Board of Directors in 2011.

Verna has owned and operated her own Real Estate Company, Mustico Realty for over 30 years. Verna is on the scholarship committee for the Solano Association Board of Realtors. She has been honored as Realtor of the Year.

Verna was honored as Spirit of Solano in 2007, Women in Wine Country 2008 by Senator Pat Wiggins.



Barbara Chavez
Realtor®

- **Realtor for over 33 years**
- **Experience and knowledge of the local real estate industry**
- **A native Vallejoan with a love of the Vallejo-Benicia Area**
- **Involved in the community and the local real estate industry.**
- **Knowledgeable on the local developments and issues that affect living and owning property in the area**
- **Active member of the Solano Association of Realtors**
- **Former Association Treasurer, member of the Board of Directors and Executive Committee and has chaired almost all of their standing committees**
- **“Realtor Of The Year” Solano Association of Realtors Award for 2005**
- **Former Vice-chair Community Promotions and former Vice-chair Membership, member of the Board of Directors and Executive Committee of the Vallejo Chamber of Commerce.**



*Barbara Chavez (DRE #00760594) Barbara.chavez@comcast.net
Mustico Realty 3469 Tennessee St. Vallejo, Ca 94591*

Appendix B. Detailed Budget Estimate

B. Acquisition Funding:

Source Funding: HOME

C. Proposed Purchase Price & Estimated Market Value:

Purchase Price:	\$	141,902.00
Current Market Value	\$	155,000.00
Estimated Market Value After Rehabilitation:	\$	170,000.00

D. Estimated Rehabilitation Budget:

See Attached "General Estimate Worksheet" \$ 72,869.50

E. Estimated Cost Summary

Purchase Price	\$	141,902.00
Title, Transfer & Settlement Cost	\$	2,356.35
Appraisal Fee(s)	\$	350.00
Insurance Coverage	\$	441.00
Fireplace Inspection	\$	350.00
Sewer Inspection	\$	350.00

Total Acquisition Costs \$ 145,749.35

Total Rehabilitation Costs \$ 72,869.50

Realtor Fee	\$	170,000.00	5.5%	\$	9,350.00
Transfer of Property (County Fee)	\$	141,902.00	0.1%	\$	141.90
Taxes @ 1.2% of value	\$	141,902.00	1.2%	\$	1,702.82
Seller FHA (Rough)				\$	1,000.00
Closing Costs				\$	2,159.42

Subtotal \$ 14,354.15

Developer Fees \$ 30,000.00

Total Sale Costs \$ 44,354.15

ALL COSTS ESTIMATE \$ 262,973.00

Sincerely Yours,

Paul Hodge
 Executive Director
 Hearts & Hands of Compassion
 P. O. Box 5783, Concord, CA 94524
 Phone: 925-687-9977 / Fax: 925-687-9944
 Email: info@hhofc.org

**HEART AND HANDS OF COMPASSION, INC.
GENERAL ESTIMATE WORKSHEET**

DATE: Monday, May 19, 2014

PROPERTY ADDRESS: 124 Birch Street
Vallejo
California
94589

Item	Cost
Permits / Drawings	2,200.00
Temporary Facilities	400.00
Demolition / Debris Control / Clean-up	1,677.50
Fencing	11,308.00
Landscaping	4,482.50
Carpentry - Rough and Finish	3,052.50
Kitchen	10,081.50
Bathrooms	5,493.40
Flooring	4,301.00
Paint	5,000.00
HVAC	6,248.00
Plumbing	3,245.00
Electrical	3,080.00
Termite Repairs	715.00
Termite Clearance & Report	160.00
Sewer Repairs	4,500.00
Final Cleanup	300.60
Total Rehabilitation	\$66,245.00
10% Unforeseen Contingency	\$6,624.50
Grand Total Rehabilitation:	\$72,869.50

Response to City of Vallejo Regarding Provision of Social Services – Heart and Hands of Compassion 2015

Proposed Budget - Heart and Hands of Compassion's Consolidated Plan Proposal - 2015

Purchase	Average Cost/Property	# properties Affected	Total Costs
Purchase Price	\$ 128,000	2	\$256,000
Termite Inspections	\$ 200	2	\$400
Lead Inspection Report/Clearance	\$ 600	2	\$1,200
Appraisals	\$ 325	2	\$650
Escrow Fees	\$ 2,500	2	\$5,000
Insurance	\$ 520	2	\$1,040
Subtotal - Purchase	\$ 132,145		\$264,290
<i>Rehabilitation costs</i>			
Permits, Fees, and Inspections	\$ 1800	2	\$3,600
Security	\$ 200	2	\$400
New locks and doors	\$ 400	2	\$800
Temporary Facilities	\$ 275	2	\$550
Demolition	\$ 2400	2	\$4,800
Debris Control	\$ 600	2	\$1,200
Site Work / Concrete / Asphalt	\$ 1500	2	\$3,000
Paint	\$ 5000	2	\$10,000
Kitchen Remodel	\$ 14,500	2	\$29,000
Bathrooms (2)	\$ 15,000	2	\$30,000
Plumbing	\$ 3,800	2	\$7,600
Electrical	\$ 3,200	2	\$6,400
Flooring	\$ 5,300	2	\$10,600
HVAC	\$ 4,300	2	\$8,600
Roofing	\$ 7,100	2	\$14,200
Landscaping	\$ 1,350	2	\$2,700
Fencing	\$ 1,350	2	\$2,700
Appliances	\$ 2,400	2	\$4,800
Windows	\$ 4,100	2	\$8,200
Sewer	\$ 4,000	2	\$8,000
Termite repairs and treatment	\$ 1,400	2	\$2,800
Lead Abatement/Repairs	\$ 2,300	2	\$4,600
Final Cleaning, Dumpster, and Hauling	\$ 1,700	2	\$3,400
Subtotal - Rehabilitation Costs	\$ 83,975	2	\$167,950
10% Unforeseen Contingency	\$ 8398	2	\$16,795
Overhead Cost 15% (liability and Workman's comp insurance)	\$ 12,596	2	\$25,193
Additional Costs	\$ 20,994	2	\$41,988
<i>Sale of Property</i>			
Real-estate fees (6 % of listed value)	\$ 9,000	2	\$18,000
Transfer of Property (County Fee @ 1%)	\$ 1,280	2	\$2,560
Taxes @ 1.2% of value	\$ 1,536	2	\$3,072
Seller FHA (Rough)	\$ 1,000	2	\$2,000
Home Buyer Protection	\$ 365	2	\$730
Closing Costs	\$ 2,205	2	\$4,410
Subtotal - Sale Costs	\$ 15,386	2	\$30,772
Developer's fee	\$ 30,000	2	\$60,000
TOTAL BUDGET REQUEST		2	\$565,000
Average new home value (net zero profit)			\$474,228

*estimate that 3 of these properties, 1 property will sell in a 6 month period

Average Purchase & Total Acquisition

Property No.	Street Name	Purchase	Total Acquisition
1	El Dorado	\$ 117,000.00	\$ 119,908.66
2	Nicole	\$ 155,000.00	\$ 159,210.78
3	Coghlan	\$ 138,712.00	\$ 141,034.58
4	Griffin	\$ 151,965.00	\$ 156,932.67
5	Tennessee	\$ 179,000.00	\$ 184,840.21
6	Birch	\$ 141,902.00	\$ 145,696.55
7	Platt	\$ 196,000.00	\$ 202,254.33
<hr/>			
	Average Cost	\$ 154,225.57	\$ 158,553.97

Appendix C. Gantt Chart, Expected Schedule of Completed Tasks

Response to City of Vallejo Regarding Provision of Social Services – Heart and Hands of Compassion 2015

Task No. Tasks	2015												
	July	August	Sept	Oct	Nov	Dec	Jan	Feb					
1 Evaluate properties in high priority areas for fitness to HOME Program criteria	█												
2 Completed detailed home inspection on 4-6 target homes	█												
3 Obtain appraisals on 3-5 target homes	█	█											
4 Negotiate with lenders for a minimum discount of 15% with target of 30-35%	█	█											
Property 1													
5 Prepare detailed budget for rehabilitation specifically tailored to property 1													
6 Access security concerns													
7 Go/No Go decision on viability of property 1													
8 Acquire property 1 with HOME Program funds													
9 Assemble specific team of contractors/subcontractors required for property 1													
10 Initiate rehabilitation of property 1													
11 Obtain plans and secure necessary permits													
12 Rough construction (plumbing, electrical, carpentry, dry-walling, etc.)													
13 Finish work on property 1													
14 Final inspections on property 1													
15 Complete bookkeeping on total costs associated with property in order to set sale price for net zero profit													
16 Initiate marketing plan and put property up for sale													
17 Put chosen buyer in contact with HUD approved counselor													
Property 2													
18 Prepare detailed budget for rehabilitation specifically tailored to property 2													
19 Access security concerns													
20 Go/No Go decision on viability of property 2													
21 Acquire property 2 with HOME Program funds													
22 Assemble specific team of contractors/subcontractors required for property 2													
23 Initiate rehabilitation of property 2													
24 Obtain plans and secure necessary permits													
25 Rough construction (plumbing, electrical, carpentry, dry-walling, etc.)													
26 Finish work on property 2													
27 Final inspections on property 2													
28 Complete bookkeeping on total costs associated with property in order to set sale price for net zero profit													
29 Initiate marketing plan and put property up for sale													
30 Put chosen buyer in contact with HUD approved counselor													
Property 3													
31 Prepare detailed budget for rehabilitation specifically tailored to property 3													
32 Access security concerns													
33 Go/No Go decision on viability of property 3													
34 Acquire property 3 with HOME Program funds													
35 Assemble specific team of contractors/subcontractors required for property 3													
36 Initiate rehabilitation of property 3													
37 Obtain plans and secure necessary permits													
38 Rough construction (plumbing, electrical, carpentry, dry-walling, etc.)													
39 Finish work of property 3													
40 Final inspections of property 3													
41 Complete bookkeeping on total costs associated with property in order to set sale price for net zero profit													
42 Initiate marketing plan and put property up for sale													
43 Put chosen buyer in contact with HUD approved counselor													

**Appendix D. Example Budgets and Schedules of a Completed Project:
124 Birch Street Under City of Vallejo’s HOME Program**

124 BIRCH ST, VALLEJO CA 94589

Owner / Business Name:		
Heart and Hands of Compassion, Inc.		
Project Location / Address:		
124 Birch Street		
City:	State:	Number of units:
Vallejo	California	Single
Point of Contact:	Start and completion Dates:	
Paul Hodge	Start: 06/24/2014 End: 08/12/2014	
Phone Number:	Project name:	
925-250-5194	PV 42 – Birch	
E-mail Address:		
<u>info@hhofc.org</u>		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction):		
Single Family Residence		
Brief Description of Project including income of clients served		
Purchase and Rehabilitation Complete. Property Sold on 11/18/2014 to a low/moderate income buyer that meets the HOME Guideline requirements.		



COST ANALYSIS
\$226,730.38

Total Purchase & Rehab. \$226,730.38

Property Identification

Date of Acquisition: Monday, June 09, 2014
 Recorded Date: Monday, June 09, 2014
 Address: 184 Birch St
 City: Vallejo
 State: CA
 Zip code: 94589
 Parcel Number: 0052-401-160
 Lot Size: 7,840

PURCHASE

Purchase Price	Purchase/Acquisition	\$	141,902.00
Deposit	Escrow Deposit	\$	1,000.00
Escrow, Title Fees & Taxes	Closing Costs	\$	1,753.55
Appraisal	Appraisal	\$	350.00
Sewer Inspection	Sewer Inspection Report	\$	250.00
AAA Insurance	Property Insurance Coverage	\$	441.00
Total Purchase		\$	145,696.55

REHABILITATION

Permits / Drawings	Permits / Drawings / Fees	\$	2,200.00
Demolition / Debris Control / Cleanup	<ul style="list-style-type: none"> - <u>Kitchen</u>: Remove and dispose of existing tile and backsplash on walls, existing cabinets, countertops and appliances. Save existing tile flooring, stove, lights and fan. - <u>Master Bathroom</u>: Remove and dispose of existing vanity, shower stall enclosure, shower pan, shower door, toilet, small medicine cabinet, and flooring. Save existing sink top, mirrors, light, big medicine cabinet, and fixtures. - <u>Hall Bathroom</u>: Remove and dispose of vanity. Save sink top if possible, tile flooring, tub and enclosure, fan/light, toilet, mirrors, and existing fixtures. - Remove and dispose of existing carpet throughout living room, hall, and bedrooms. - Remove small back trellis/railing and small decorative enclosed area behind big deck. - Disposal of litter/garbage throughout house and backyard. Clean existing stove, lights throughout house, and fans. - Save all interior doors and handles, entry tile, fan lights and mirrors in both bedrooms, patio cover and deck, and roof, gutters and downspouts. 	\$	1,677.50

Response to City of Vallejo Regarding Provision of Social Services – Heart and Hands of Compassion 2015

Fencing	<ul style="list-style-type: none"> - Demo old backyard fencing (80 lineal feet) and haul. Install pressure treated posts and rails. Install dog ear redwood fence boards (1" x 6" x 6') - Front gate (10 feet) - Install new gate, 48" wide, with additional 2.5 lineal feet of fencing on each side of the gate. - Demo old backyard and front yard retaining wall (140' x 2') and haul. Install pressure treated 4" x 4" posts. Install 2" x 12" pressure treated planks to reinforce the wall. Install perforated drain behind the wall 	\$	11,308.00
Landscaping	<ul style="list-style-type: none"> Prep and rototill front yard area for plant installation. Bark and plants (approx. 700 sq. ft.) - install evergreen and perennial plants with bark to minimize weed growth and water usage. Irrigation for front yard - install drip for new and existing plants with a new timer. Front rock area/ new ginger rock to enhance landscaping. 	\$	4,482.50
Carpentry	<ul style="list-style-type: none"> - Purchase and install new side garage entry door, and laundry entry door, with new locks. Purchase and install a new front door and security door. Include installation of new, matching security locks on all doors. - Install 1 missing window screen. - Adjust wheels on master closet door to work appropriately - Purchase and install one set of miniblinds for front windows only - Install door handles to cabinets in laundry area - Modify door trim for better functionality in water heater and furnace area in garage - Install one additional screen. Repair holes located in various areas due to electrical and plumbing repairs. - Overhang Removal: Cut down beams to meet deck railing. Haul debris to dump. Clean up after demolition. - Reinforce 8 posts on the rear deck that were loose by bracing with brackets to make stable 	\$	5,007.50
Kitchen	<ul style="list-style-type: none"> Purchase and install new cabinets with all finish work & plywood top for Granite. Install medium grade granite product counter tops w/stainless steel sink and faucet. Purchase and install Energy Star appliances, black or stainless steel in color with all finish work. (Dishwasher, microwave w/hood exhaust, and garbage disposal) Supply hook-ups for all appliances and install. 	\$	10,081.50
Bathrooms	<ul style="list-style-type: none"> - <u>Master Bathroom</u>: Purchase and installation of new low flow toilet, floorstone shower pan, backing for cultured marble, cultured marble enclosure w/corner soap dish, new medium grade chrome shower door (70" tall), and new vanity. Reinstall existing top (Try to match existing sink top marble to match shower walls) Purchase and install new 12" X 12" tile flooring w/grout with wood base board. Purchase and install new medium grade brushed nickel faucet fixtures. Reinstall existing fixtures - <u>Hall Bathroom</u>: Purchase and installation of new vanity, with medium grade brushed nickel faucet fixtures. Save and reuse existing sink top, tub, tile, toilet, and fixtures. Install new light bulbs. 	\$	5,493.40
Flooring	<ul style="list-style-type: none"> - Purchase and install new engineered hardwood flooring in the living room, hallway, and two bedrooms with new baseboard. - Replace existing lino in laundry room with new 	\$	4,301.00

Response to City of Vallejo Regarding Provision of Social Services – Heart and Hands of Compassion 2015

Paint	<ul style="list-style-type: none"> - <u>Exterior</u>: Prep all exterior peeling and/or blistering paint and seal all cracks and holes on the exterior of structure. Prime paint exterior where needed. All wood to be painted with semi gloss paint. Paint exterior eaves, fascia, doors, front entry porch, body of house. Three colors, one for trim, one for body of house and one to accent the front entry door. - <u>Interior</u>: Paint the interior walls and ceilings of house with no/voc paints w/2 semi gloss colors (kitchen & bathroom casings and doors), flat paint used on interior walls. Caulk, prep, mud, and texture drywall where needed, where small medicine cabinet was removed in Master bathroom. 	\$	5,500.00
HVAC	Remove existing Furnace and A/C. Purchase and install 2 ton York/Guardian system, 24"x14" filter grill and filter, and side cold air return. Patch existing cold air opening in base. Install roof jack for flue pipe. Use combo pump for A/C and furnace. Install new programmable thermostat, A/C condenser installed on pad, and cut in combustion air opening for water heater. Purchase and install new 95% efficiency furnace. Seal ducts and do HERS testing.	\$	6,248.00
Plumbing	<ul style="list-style-type: none"> - <u>Water Heater</u>: Purchase and install new 40 gallon water heater with flue and earthquake straps and a new shut off valve inside garage - <u>Master bathroom</u>: Purchase install new ball valves, shutoff valves, drain hook-up and new shower valve. - <u>Hall bathroom</u>: Purchase and install new showerhead, new shutoff valves, and new shower valves. - Existing T&P valve on Water Heater was not properly sized to meet plumbing code requirements, line was only 1/2". Cut out complete line and install new 3/4" T&P and outside building made of CPVC pipe and glue together. 	\$	3,480.00
Electrical	<ul style="list-style-type: none"> - <u>Kitchen</u>: Add circuit for microwave. Purchase and install battery operated smoke detectors and carbon monoxide detector. Purchase and install new light. - <u>Master Bathroom</u>: Purchase and install new fan/light combo for code. Purchase and install new GFCI plug and title 24 switches if needed. - Remove all illegal wire, switches, and plugs throughout the inside and outside of house by deck and garage. - Replace cover plates throughout house as needed. - Purchase and install 3 exterior lights (Dusk to dawn lights per code) - Remove and replace 4 GFI's in the house. - Install new 30 amp disconnect for A/C by garage outside 	\$	3,080.00
Termite Repairs	<ul style="list-style-type: none"> - Remove and replace damaged roof sheathing and fascia rafters where needed - Remove and replace damaged window trim where needed. - Remove all dryrot damaged wood at the old patio cover supports posts, and replace with new materials. 	\$	1,055.00
Garage	Install Model 8355 Garage Door Opener with Two (2) Transmitters.	\$	445.00
Roof	<ul style="list-style-type: none"> - Replace (3) missing or damaged shingles - Seal exposed fasteners - Clear gutters of leaves and debris - Install plumbing pipe collars. - Refasten roof jacks as necessary. - Reinstall new shingle at plumbing jack - Purchase and install missing spark arrester to chimney. 	\$	748.00
Final Cleanup	Final interior & exterior cleanup	\$	300.60
Total Rehabilitation		\$	65,408.00

OTHER EXPENSES

Response to City of Vallejo Regarding Provision of Social Services – Heart and Hands of Compassion 2015

Utilities	PG&E, Water, Etc	\$	483.96
Taxes	Property Taxes	\$	1,163.42
Escrow Fees	Escrow Sale Closing Fees	\$	13,978.45
	Total Other Expenses	\$	15,625.83
	Purchase, Rehabilitation, Other Expenses Total	\$	226,730.38

*All work described above has been completed.

Submitted By:
 Paul Hodge
 Executive Director
 Heart and Hands of Compassion, Inc.
info@hhofc.org

"FINAL COST CERTIFICATION REPORT"
SOURCE AND USE OF FUNDS

HEART AND HANDS OF COMPASSION, INC.		PERMANENT FINANCING SOURCES			
PROJECT # PV 42 124 Birch St. Vallejo, CA 94589		Submitted Estimate	Actual Expenses	NSP Checks/Funds received	NSP Funds Pending/Extra
Purchase					
	Acquisition	\$141,902.00	\$141,902.00	\$141,902.00	
	Deposit	\$0.00	\$1,000.00	\$1,000.00	
	Taxes, Escrow, Title Fees	\$2,356.35	\$1,753.55	\$1,753.55	
	Appraisal	\$350.00	\$350.00	\$350.00	
	AAA Insurance	\$441.00	\$441.00	\$441.00	
	Sewer Inspection	\$350.00	\$250.00	\$250.00	
	Fireplace Inspection	\$350.00	\$0.00	\$0.00	
	Credit (At time of Purchase)	\$0.00	\$0.00	\$1,677.80	\$1,677.80
	Total Acquisition Costs	\$145,749.35	\$145,696.55	\$147,374.35	\$1,677.80
Rehabilitation					
	Rehabilitation Costs	\$72,869.50	\$61,685.00	\$61,685.00	
	Change Order PV42-1	\$0.00	\$1,990.00	\$1,990.00	
	Total Rehabilitation Cost	\$72,869.50	\$63,675.00	\$63,675.00	
	Subtotal Purchase & Rehab	\$218,618.85	\$209,371.55	\$211,049.35	\$1,677.80
Re-Sale					
	Extra Expenses PV42-2	\$0.00	\$1,897.20	\$219.40	(\$1,677.80)
	Realtor Fees	\$9,150.00			
	Taxes, Transfer of Property	\$141.90			
	Taxes @ 1.25% of Value	\$1,702.82			
	Seller FHA Fees/Other	\$1,000.00			
	Closing Fees	\$2,159.43	\$13,978.45	\$13,978.45	
	Total Closing Fees	\$14,354.15	\$15,875.65	\$14,197.85	(\$1,677.80)
Total Use of Funds					
	SUBTOTAL	\$232,973.00	\$225,247.20	\$225,247.20	\$0.00
	DEVELOPER FEE	\$30,000.00	\$30,000.00	\$30,000.00	
	TOTAL USE OF FUNDS	\$262,973.00	\$255,247.20	\$255,247.20	\$0.00
	Balance after Recon		\$1,483.18	\$0.00	(\$1,483.18)
	TOTAL USE OF FUNDS	\$262,973.00	\$256,730.38	\$255,247.20	(\$1,483.18)
CERTIFICATION BY OWNER					
As owner(s) of the above referenced NSP project, I certify under penalty of perjury that the project costs contained herein are to the best of my knowledge, accurate and actual costs associated with the construction, acquisition and/or rehabilitation of this project and that the sources of funds shown are the only funds received by Heart and Hands of Compassion, Inc. for the development of this project. I authorize the Contra Costa County NSP Program to utilize this information to calculate the final payment.					
Date	_____	Printed Name of Signatory/Title _____			

**City of Vallejo Housing Community Development Division
Neighborhood Stabilization Program contract activity**

Sponsor Name: Heart and Hands of Compassion Inc Report date: 8/20/2014 Report Prepared by: Rosita Hodge Phone: 925-687-8877

Fax: 925-687-9844

Project Name: Project #PV-31 Location: 124 Birch St, Vallejo, CA 94590 Project Completion Date: 05/12/14

A	B	C	D	E	F	G	Name	Street	City	State	Zip
Amount of Contract or Subcontract	Type of Trade Code	Contractor or Subcontractor Ethnic Code	Women Owned Business? (Yes or No)	Prime Contractor Identification Number	Sec 3	Subcontractor Identification Number					
\$ 63,875.00	5	1/4	No	768384	#	90-0449732	Hodge Construction Inc	P O Box 5783	Concord	CA	94524
\$ 25,198.00	7	2	No	928203	#	27-0316680	Goddard Design & Consulting	2009 Sonoma Blvd	Vallejo	CA	94590
\$ 2,800.00	4	1	No	828015	#	90-0277083	Super Electric	P O Box 1308	Vallejo	CA	94591
\$ 3,185.00	2	4	No	923874	#	90-0436010	C M Plumbing	P O Box 72	Vallejo	CA	94590
\$ 5,000.00	1	4	No	874978	#	824-28-0754	Victor G Perez Painting Services	458 Garrison St	Vallejo	CA	94590
\$ 14,159.00	3	4	No	807400	#	30-0598931	Sherrill Landscaping	55 Wentworth Ct	American Canyon	CA	94590
\$ 5,680.00	3	1	No	524848	#	48-1287834	Milena Sheetmetal	328 Curkula Place	Vallejo	CA	94590

Notes:

- B. Type of Trade Codes**
 1 = New Construction
 2 = Substantial Rehab
 3 = Repair
 4 = Service
 5 = Project Management

- C. Ethnic Codes**
 1 = White
 2 = Black
 3 = Native American
 4 = Hispanic
 5 = Asian/Pacific
 6 = Mixed Race

- E and G. Identification Number (R.S.)**
 Number of the prime or subcontractor. The Employer Number must be provided for each contract/subcontract provided. Note: When the subcontractor ID Number is provided, the respective prime contract ID

E and G. Identification Number (A and H, Section 3)

A Section 3 contractor/subcontractor is a business concern that provides economic opportunities to low- and very-low-income residents of the metropolitan area, including a business concern that is 51 percent or more owned by low- or very-low-income residents, employs a substantial number of low- or very-low-income residents, or provides subcontracting or business development opportunities to businesses owned by low- or very-low-income residents. Low- and very-low-income residents include participants in YouthBuild programs established under Subtitle D of Title IV of the Cranston-Gonzalez National Affordable Housing Act.

Appendix E. Reference & Similar Projects Experience Forms of the last 6 projects completed in the City of Vallejo

Project 1

Owner / Business Name: Heart and Hands of Compassion, Inc.		
Project Location / Address: 2012 El Dorado St		
City: Vallejo	State: California	Number of units: Single
Point of Contact: Paul Hodge	Start and completion Dates: Start: 05/14/2012 End: 07/16/2012	
Phone Number: 925-250-5194	Project name: PV 25- El Dorado	
E-mail Address: info@hhofc.org		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction): Single Family Residence		
Brief Description of Project including income of clients served Purchase and Rehabilitation Complete. Property Sold on 11/15/2012 to a low income family who meets the NSP Guideline requirements.		

Project 2

Owner / Business Name: Heart and Hands of Compassion, Inc.		
Project Location / Address: 184 Nicole Way		
City: Vallejo	State: California	Number of units: Single
Point of Contact: Paul Hodge	Start and completion Dates: Start: 05/22/2012 End: 07/19/2012	
Phone Number: 925-250-5194	Project name: PV 26 - Nicole	
E-mail Address: info@hhofc.org		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction): Single Family Residence		
Brief Description of Project including income of clients served Purchase and Rehabilitation Complete. Property Sold on 11/27/2012 to a low income family who meets the NSP Guideline requirements		

Project 3

Owner / Business Name:		
Heart and Hands of Compassion, Inc.		
Project Location / Address:		
408 Coghlan Dr		
City:	State:	Number of units:
Vallejo	California	Single
Point of Contact:	Start and completion Dates:	
Paul Hodge	Start: 10/01/2012 End: 11/16/2012	
Phone Number:	Project name:	
925-250-5194	PV 31 - Coghlan	
E-mail Address:		
info@hhofc.org		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction):		
Single Family Residence		
Brief Description of Project including income of clients served		
Purchase and Rehabilitation Complete. Property Sold on 01/18/2013 to a low income family who meets the NSP Guideline requirements.		

Project 4

Owner / Business Name:		
Heart and Hands of Compassion, Inc.		
Project Location / Address:		
1862 Griffin Dr		
City:	State:	Number of units:
Vallejo	California	Single
Point of Contact:	Start and completion Dates:	
Paul Hodge	Start: 01/03/2014 End: 02/19/2014	
Phone Number:	Project name:	
925-250-5194	PV 40 - Griffin	
E-mail Address:		
info@hhofc.org		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction):		
Single Family Residence		
Brief Description of Project including income of clients served		
Purchase and Rehabilitation Complete. Property Sold on 05/07/2014 to a low income family who meets the HOME Guideline requirements.		

Project 5

Owner / Business Name:		
Heart and Hands of Compassion, Inc.		
Project Location / Address:		
2320 Tennessee St		
City:	State:	Number of units:
Vallejo	California	Single
Point of Contact:	Start and completion Dates:	
Paul Hodge	Start: 03/07/2014 End: 04/22/2014	
Phone Number:	Project name:	
925-250-5194	PV 41 - Tennessee	
E-mail Address:		
info@hhofc.org		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction):		
Single Family Residence		
Brief Description of Project including income of clients served		
Purchase and Rehabilitation Complete. Property Sold on 07/17/2014 to a low income buyer who meets the HOME Guideline requirements		

Project 6

Owner / Business Name:		
Heart and Hands of Compassion, Inc.		
Project Location / Address:		
124 Birch St		
City:	State:	Number of units:
Vallejo	California	Single
Point of Contact:	Start and completion Dates:	
Paul Hodge	Start: 06/24/2014 End: 08/12/2014	
Phone Number:	Project name:	
925-250-5194	PV 42 - Birch	
E-mail Address:		
info@hhofc.org		
Project Type (Single or Multi-Family, Acquisition, rehabilitation, new construction):		
Single Family Residence		
Brief Description of Project including income of clients served		
Purchase and Rehabilitation Complete. Property Sold on 11/18/2014 to a low/moderate income buyer that meets the HOME Guideline requirements.		

Appendix F. Additional Documents

- **List of Board of Directors and Their Expertise**
- **Authorizing Governing Board Resolution (including Roll Call Vote)**
- **Non-Profit Status/ 501 (c) 3 Designation Letter**
- **Articles of Incorporation**
- **By-Laws**
- **Annual Audit**
- **Written Personnel Policies and Procedures**
- **References/Letters of Reference**
- **Insurance Coverage and Workers Compensation**

BOARD MEMBER LISTING

Daryl Drummond – Ph.D Scientist / Senior Manager
Chairman of the Board

1 Brooks Rd

Lincoln, MA 01773-1308

Email: DDrummond@merrimackpharma.com



Kishore Pauldurai - Senior Account Manager

Secretary

3505 "F" Northwood Dr.

Concord, CA. 94520

Home: (925) 680-1358

Cell: (925) 518-3866

Email: kishorep@comcast.net

Jan Townsend - Enroll Agent / Certified Financial Planner

Treasurer

1748 Elmhurst Lane

Concord, CA. 94521

Home: (925) 682-5878

Office: (925) 827-1050

Email: mandwtaxservice@sbcglobal.net

Sarah Poindexter – Accountant / Grant Compliance Officer

Board Member

1155-C Arnold Drive

Martinez, CA 94553

Phone: (925) 768-6118

Email: sarah@calvarytemple.org

Paul Hodge

Executive Director

P. O. Box 5783

Concord, CA 94524

Phone: (925) 250-5194

Email: info@hhofc.org



HEART AND HANDS OF COMPASSION INC.

RESOLUTION

- A. WHEREAS, the City of Vallejo, Community Development Department, Housing and Community Development Division, issued a request for proposals from non-profit agencies to provide social (public) services in the City of Vallejo; and
- B. Heart and Hands of Compassion Inc. is a nonprofit corporation or local government that is eligible and wishes to apply for and receive a Community Development Block Grant (CDBG) funding; and
- C. If Heart and Hands of Compassion Inc. receives a grant from the City of Vallejo, Community Development Department, Housing and Community Development Division, it certifies that all uses of the funds will be in compliance with the CDBG Regulations and Contract.

NOW, THEREFORE, BE IT RESOLVED THAT:

The Board of Directors of Heart and Hands of Compassion Inc. hereby authorizes Jan Townsend to execute all required certifications, apply for and accept the Community Development Block Grant (CDBG) Funding in the amount of not more than \$1,500,000.00, and to sign the Standard Agreement, any subsequent amendments thereto, and, where applicable, any CDBG documents associated with the City of Vallejo Housing and Community Development Division of not more than \$1,500,000.00, as well as perform any and all responsibilities in relationship to such contract.

PASSED AND ADOPTED effective this 28th day of January, 2015 as a result of the following votes collected via email communication:

AYES: 3
NOES:

ABSTENTIONS: _____
ABSENT: 1

Daryl C. Drummond, Chairman
Signature and Title of Approving Officer

(Chair Person or Secretary - Not the same person authorized to enter into the Standard Agreement)

ATTEST: Daryl C. Drummond DATE: 1/28/15

Daryl C. Drummond, Chairman of the Board

INTERNAL REVENUE SERVICE
P. O. BOX 2508
CINCINNATI, OH 45201

DEPARTMENT OF THE TREASURY

Date: APR 04 2011

HEART AND HANDS OF COMPASSION
PO BOX 5783
CONCORD, CA 94524-0783

Employer Identification Number:
30-0527856
DLN:
17053253319020
Contact Person:
MRS. R. MEDLEY ID# 52402
Contact Telephone Number:
(877) 829-5500
Accounting Period Ending:
December 31
Public Charity Status:
170(b)(1)(A)(vi)
Form 990 Required:
YES
Effective Date of Exemption:
January 22, 2009
Contribution Deductibility:
YES
Addendum Applies:
NO

Dear Applicant:

We are pleased to inform you that upon review of your application for tax exempt status we have determined that you are exempt from Federal income tax under section 501(c)(3) of the Internal Revenue Code. Contributions to you are deductible under section 170 of the Code. You are also qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Code. Because this letter could help resolve any questions regarding your exempt status, you should keep it in your permanent records.

Organizations exempt under section 501(c)(3) of the Code are further classified as either public charities or private foundations. We determined that you are a public charity under the Code section(s) listed in the heading of this letter.

Please see enclosed Publication 4221-PC, Compliance Guide for 501(c)(3) Public Charities, for some helpful information about your responsibilities as an exempt organization.

Sincerely,

Lois G. Lerner
Director, Exempt Organizations

Enclosure: Publication 4221-PC

Letter 947 (DO/CG)

3185668



**State of California
Secretary of State**

I, DEBRA BOWEN, Secretary of State of the State of California, hereby certify:

That the attached transcript of 1 page(s) has been compared with the record on file in this office, of which it purports to be a copy, and that it is full, true and correct.



IN WITNESS WHEREOF, I execute this certificate and affix the Great Seal of the State of California this day of

JAN 29 2009

Debra Bowen

DEBRA BOWEN
Secretary of State

3185668

ENDORSED - FILED
In the office of the Secretary of State
of the State of California

ARTICLES OF INCORPORATION

JAN 23 2009

The name of the corporation is Heart and Hands of Compassion

A. This corporation is a nonprofit Public Benefit Corporation and is not organized for the private gain of any person. It is organized under the Nonprofit Public Benefit Corporation Law for:

- () public purposes.
- or () charitable purposes.
- or (X) public and charitable purposes.

B. The specific purpose of this corporation is to help provide low income housing and to distribute food to less fortunate individuals and families within the community.

III

The name and address in the State of California of this corporation's initial agent for service of process is:

Name Mr. Paul Hodge
 Address 1248 South Rosal Avenue
 City Concord State California Zip Code 94524

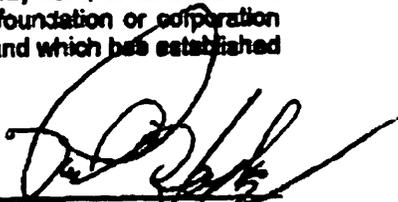
IV

A. This corporation is organized and operated exclusively for charitable purposes within the meaning of Internal Revenue Code section 501(c)(3).

B. No substantial part of the activities of this corporation shall consist of carrying on propaganda, or otherwise attempting to influence legislation, and the corporation shall not participate or intervene in any political campaign (including the publishing or distribution of statements) on behalf of any candidate for public office.

V

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



 Mr. Paul Hodge, Incorporator



Handwritten notes:
1/1/15
Jack Robinson

BYLAWS
of

HEART AND HANDS OF COMPASSION, INC.

ARTICLE I
NAME AND PURPOSES

Section 1.01. Name. The name of the organization is HEART AND HANDS OF COMPASSION, INC.

Section 1.02. Purpose. The Corporation is organized for the charitable purposes of helping provide low income housing and food distribution to less fortunate individuals within our community.

ARTICLE II
MEMBERS

Section 2.01. Classes. There shall be two classes of members: Corporate and Individual.

Section 2.02. Qualifications. Membership may be granted to any individual or corporation that supports the mission and purposes of the organization, and who volunteers their time, services, or resources for the aim of accomplishing the mission of the organization. Members shall have no voting rights.

Section 2.03. Termination of Membership. The Board of Directors, by affirmative vote of two-thirds of all of the members of the Board, may suspend or expel a member, and may, by a majority vote or those present at any regularly constituted meeting, terminate the membership of any member who becomes ineligible for membership, or suspend or expel any member who shall be in default of their service obligations.

Section 2.04. Resignation. Any member may resign by filing a written resignation with the Secretary; however, such resignation shall not relieve the member so resigning of the obligation to pay any dues or other charges theretofore accrued and unpaid.

Section 2.06. Meetings. The annual membership meeting shall be held in February of each year. A minimum of 10% of the members present in person or by proxy shall constitute a quorum for transaction of business at a membership meeting. Meetings may be called by the Chairperson or at the request of at least 10% of the members by notice mailed, telephone, or e-mailed to each member not less than thirty (30) days before such meeting.

ARTICLE III
AUTHORITY AND DUTIES OF DIRECTORS

Section 3.01. Authority of Directors. The Board of Directors is the policy-making body and may exercise all the powers and authority granted to the Corporation by law.

Section 3.02. Number, Selection, and Tenure. The Board shall consist of not less than three (3), and no more than nine (9), directors. Each director shall hold office for a term of three (3) years. Vacancies existing by reason of resignation, death, incapacity or removal before the expiration of his/her term shall be filled by a majority vote of the remaining directors. In the event of a tie vote, the President shall choose the succeeding director. Directors will elect their successors. A director elected to fill a vacancy shall be elected for the unexpired term of that director's predecessor in office.

Section 3.03. Initial Directors. There will initially be three Directors serving on the Board. The initial Directors of the organization shall be as follows:

Paul Hodge (Chairman)
Rosita Hodge
Daryl Drummond

Section 3.04. Resignation. Resignations are effective upon receipt by the Secretary of the Corporation of written notification.

Section 3.05. Regular Meetings. The Board of Directors shall hold at least two (2) regular meetings per calendar year. Meetings shall be at such dates, times and places as the Board shall determine.

Section 3.06. Special Meetings. Meetings shall be at such dates, times and places as the Board shall determine.

Section 3.07. Notice. Meetings may be called by the Chairperson or at the request of any two (2) directors by notice emailed, mailed, telephoned, or telegraphed to each member of the Board not less than forty-eight (48) hours before such meeting.

Section 3.08. Quorum. A quorum shall consist of a majority of the Board attending in person or through teleconferencing. All decisions will be by majority vote of those present at a meeting at which a quorum is present. If less than a majority of the directors is present at said meeting, a majority of the directors present may adjourn the meeting on occasion without further notice.

Section 3.09. Action Without a Meeting. Any action required or permitted to be taken at a meeting of the Board of Directors (including amendment of these Bylaws) or of any committee may be taken without a meeting if all the members of the Board or committee consent in writing to taking the action without a meeting and to approving the specific action. Such consents shall have the same force and effect as a unanimous vote of the Board or of the committee as the case may be.

Section 3.10. Participation in Meeting by Conference Telephone. Members of the Board may participate in a meeting through use of conference telephone or similar communications equipment, so long as members participating in such meeting can hear one another.

Section 3.11. Committees. The Board of Directors may, by resolution adopted by a majority of the Directors in office, establish committees of the Board composed of at least two (2) persons which, except for an Executive Committee, may include non-Board members. The Board may make such provisions for appointment of the chair of such committees, establish such procedures to govern their activities, and delegate thereto such authority as may be necessary or desirable for the efficient management of the property, affairs, business, activities of the Corporation.

Section 3.12. Nominating Committee. There shall be a Nominating Committee, composed of the President and at least two (2) other members of the Board of Directors. Each member of the committee shall have one (1) vote and decision shall be made by the majority.

Section 3.13. Reimbursement. Directors shall serve without compensation with the exception that expenses incurred in the furtherance of the Corporation's business are allowed to be reimbursed with documentation and prior approval. In addition, Directors serving the organization in any other capacity, such as staff, are allowed to receive compensation therefore.

ARTICLE IV AUTHORITY AND DUTIES OF OFFICERS

Section 4.01. Officers. The officers of the Corporation shall be a President, a Vice-President, a Secretary/Treasurer, and such other officers as the Board of Directors may designate. Any two (2) or more offices may be held by the same person, except the offices of President and Secretary/Treasurer.

Section 4.02. Initial Officers. The initial officers of the organization shall be as follows:

President:	Paul Hodge
Vice-President:	Rosita Hodge
Treasurer:	Jackie Drummond
Secretary:	Daryl Drummond

Section 4.03. Appointment of Officers; Terms of Office. The officers of the Corporation shall be elected by the Board of Directors at regular meetings of the Board, or, in the case of vacancies, as soon thereafter as convenient. New offices may be created and filled at any meeting of the Board of Directors.

Terms of office may be established by the Board of Directors, but shall not exceed three (3) years. Officers shall hold office until a successor is duly elected and qualified. Officers shall be eligible for reappointment.

Section 4.04. Resignation. Resignations are effective upon receipt by the Secretary of the Board of a written notification.

Section 4.05. Removal. An officer may be removed by the Board of Directors at a meeting, or by action in writing pursuant to Section 3.09, whenever in the Board's judgment the best interests of the Corporation will be served thereby. Any such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 4.06. President. The President shall be a director of the Corporation and will preside at all meetings of the Board of Directors. The President shall perform all duties attendant to that office, subject, however, to the control of the Board of Directors, and shall perform such other duties as on occasion shall be assigned by the Board of Directors.

Section 4.07. Vice-President. The Vice-President shall be a director of the Corporation and will preside at meetings of the Board of Directors in the absence of or request of the President. The Vice-President shall perform other duties as requested and assigned by the President, subject to the control of the Board of Directors.

Section 4.08. Treasurer. The Treasurer shall work closely with any paid executive staff of the Corporation to ascertain that appropriate procedures are being followed in the financial affairs of the Corporation, and shall perform such other duties as occasionally may be assigned by the Board of Directors.

Section 4.09. Secretary. The Secretary shall be a director of the Corporation and shall keep the minutes of all meetings of the Board of Directors in the books proper for that purpose. The Secretary shall also report to the Board of Directors at each regular meeting on the status of the Council's finances, and shall perform such other duties as occasionally may be assigned by the Board of Directors.

Section 4.10. Paid Staff. The Board of Directors may hire such paid staff as they deem proper and necessary for the operations of the Corporation. The powers and duties of the paid staff shall be as assigned or as delegated to be assigned by the Board.

ARTICLE V INDEMNIFICATION

Every member of the Board of Directors, officer or employee of the Corporation may be indemnified by the corporation against all expenses and liabilities, including counsel fees, reasonably incurred or imposed upon such members of the Board, officer or employee in connection with any threatened, pending, or completed action, suit or proceeding to which she/he may become involved by reason of her/his being or having been a member of the Board, officer, or employee of the corporation, or any settlement thereof, unless adjudged therein to be liable for gross negligence or willful misconduct in the performance of her/his duties. Provided, however, that in the event of a settlement the indemnification herein shall apply only when the Board approves such settlement and reimbursement as being in the best interest of the corporation. The foregoing right of indemnification shall be in addition and not exclusive of all other rights which such member of the Board, officer or employee is entitled.

ARTICLE VI ADVISORY BOARDS AND COMMITTEES

Section 6.01. Establishment. The Board of Directors may establish one or more Advisory Boards or Committees.

Section 6.02. Size, Duration, and Responsibilities. The size, duration, and responsibilities of such boards and committees shall be established by a majority vote of the Board of Directors.

ARTICLE VII FINANCIAL ADMINISTRATION

Section 7.01. Fiscal Year. The fiscal year of the Corporation shall be January 1 - December 31 but may be changed by resolution of the Board of Directors.

Section 7.02. Checks, Drafts, Etc. All checks, orders for the payment of money, bills of lading, warehouse receipts, obligations, bills of exchange, and insurance certificates shall be signed or endorsed by such officer or officers or agent or agents of the Corporation and in such manner as shall from time to time be determined by resolution of the Board of Directors or of any committee to which such authority has been delegated by the Board.

Section 7.03. Deposits and Accounts. All funds of the Corporation, not otherwise employed, shall be deposited from time to time in general or special accounts in such banks, trust companies, or other depositories as the Board of Directors or any committee to which such authority has been delegated by the Board may select, or as may be selected by the President or by any other officer or officers or agent or agents of the Corporation, to whom such power may from time to time be delegated by the Board. For the purpose of deposit and for the purpose of collection for that account of the Corporation, checks, drafts, and other orders of the Corporation may be endorsed, assigned, and delivered on behalf of the Corporation by any officer or agent of the Corporation.

Section 7.04. Investments. The funds of the Corporation may be retained in whole or in part in cash or be invested and reinvested on occasion in such property, real, personal, or otherwise, or stock, bonds, or other securities, as the Board of Directors in its sole discretion may deem desirable, without regard to the limitations, if any, now imposed or which may hereafter be imposed by law regarding such investments, and which are permitted to organizations exempt from Federal income taxation under Section 501(c)(3) of the Internal Revenue Code.

ARTICLE VIII BOOKS AND RECORDS

Correct books of account of the activities and transactions of the Corporation shall be kept at the office of the Corporation. These shall include a minute book, which shall contain a copy of the Certificate of Incorporation, a copy of these Bylaws, and all minutes of meetings of the Board of Directors.

ARTICLE IX AMENDMENT OF BYLAWS

These Bylaws may be amended by a majority vote of the Board of Directors, provided prior notice is given of the proposed amendment in the notice of the meeting at which such action is taken, or provided all members of the Board waive such notice, or by unanimous consent in writing without a meeting pursuant to Section 3.09.



*For I was hungry and you gave
me something to eat. I was
thirsty and you gave me
something to drink. I was a
stranger and you invited me in.*

HEART AND HANDS OF COMPASSION, INC.

(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2013 AND DECEMBER 31, 2012



RINA accountancy corporation

HEART AND HANDS OF COMPASSION, INC.

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RINA accountancy corporation
201 North California Street, Suite 220, Walnut Creek, CA 94597
phone: (925) 938-2187 fax: (925) 261-2297 TDD: (925) 938-2187



Independent Auditors' Report

The Board of Directors
Heart and Hands of Compassion, Inc.

We have audited the accompanying financial statements of Heart and Hands of Compassion, Inc. (a California nonprofit corporation), which comprise the statement of financial position as of December 31, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart and Hands of Compassion, Inc. as of December 31, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

RINA Accountancy Corporation

Certified Public Accountants

Walnut Creek, California
July 28, 2014

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2013</u>	<u>December 31, 2012</u>
CURRENT:		
Cash	\$ 95,254	\$ 106,461
Accounts receivable	-	2,812
Notes receivable, current portion	32,431	12,536
Cost of homes in progress	<u>191,046</u>	<u>848,111</u>
TOTAL CURRENT ASSETS	318,731	969,920
OTHER ASSETS:		
Notes receivable, net of current portion	51,783	84,214
Cost of homes in progress	32,483	-
Equipment - net	<u>1,831</u>	<u>1,836</u>
TOTAL ASSETS	<u>\$ 404,828</u>	<u>\$ 1,055,970</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 4,612	\$ 813
Notes payable	<u>156,932</u>	<u>798,608</u>
TOTAL LIABILITIES	<u>161,544</u>	<u>799,421</u>
NET ASSETS		
Unrestricted net assets	243,284	256,549
Temporarily restricted net assets	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>243,284</u>	<u>256,549</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 404,828</u>	<u>\$ 1,055,970</u>

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2013

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE			
Sales of homes	\$ 1,146,866	\$ -	\$ 1,146,866
Developer fees	129,163	-	129,163
Forgiveness of debt	288,106	-	288,106
Interest income	5,464	-	5,464
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,569,599</u>	<u>-</u>	<u>1,569,599</u>
EXPENSES:			
Program services	1,521,497	-	1,521,497
General and administrative	60,854	-	60,854
TOTAL EXPENSES	<u>1,582,351</u>	<u>-</u>	<u>1,582,351</u>
LOSS ON DISPOSAL OF ASSETS	<u>(513)</u>	<u>-</u>	<u>(513)</u>
DECREASE IN NET ASSETS	(13,265)	-	(13,265)
NET ASSETS, beginning of year	<u>256,549</u>	<u>-</u>	<u>256,549</u>
NET ASSETS, end of year	<u>\$ 243,284</u>	<u>\$ -</u>	<u>\$ 243,284</u>

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Sales of homes	\$ 978,598	\$ -	\$ 978,598
Developer fees	124,556	-	124,556
Forgiveness of debt	226,093	-	226,093
In-kind contributions	24,500	-	24,500
Interest income	6,192	-	6,192
	<u>1,359,939</u>	<u>-</u>	<u>1,359,939</u>
EXPENSES:			
Program services	1,299,125	-	1,299,125
General and administrative	60,123	-	60,123
	<u>1,359,248</u>	<u>-</u>	<u>1,359,248</u>
INCREASE IN NET ASSETS	691	-	691
NET ASSETS, beginning of year	<u>255,858</u>	<u>-</u>	<u>255,858</u>
NET ASSETS, end of year	<u><u>\$ 256,549</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 256,549</u></u>

See notes to financial statements

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF CASH FLOWS

	<u>Year Ended December 31, 2013</u>	<u>Year Ended December 31, 2012</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ (13,265)	\$ 691
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	356	426
Forgiveness of debt	(288,106)	(226,093)
Loss on disposal of asset	513	-
In-kind contributions	-	(24,500)
(Increase) decrease in assets		
Receivables	2,812	(2,252)
Cost of homes in progress	624,582	(377,072)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	3,799	(51,352)
	<u>330,691</u>	<u>(680,152)</u>
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	(864)	(1,291)
Collection on notes receivable	12,536	11,808
	<u>11,672</u>	<u>10,517</u>
NET CASH PROVIDED BY INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	796,567	1,535,802
Payments on notes payable	(1,150,137)	(834,904)
	<u>(353,570)</u>	<u>700,898</u>
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES		
INCREASE (DECREASE) IN CASH	(11,207)	31,263
CASH, beginning of year	<u>106,461</u>	<u>75,198</u>
CASH, end of year	<u>\$ 95,254</u>	<u>\$ 106,461</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for taxes	\$ 50	\$ 50

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS - DECEMBER 31, 2013 AND DECEMBER 31, 2012

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities.

Heart and Hands of Compassion (HHC) is a California nonprofit corporation that was incorporated in 2009. HHC pursues its mission to help house and feed the less fortunate within their community.

In August 2009, HHC began participating in the Contra Costa County NSP program which funds the purchase and rehabilitation of homes in the Contra Costa County area. Once rehabilitated, these homes are sold to low to moderate income families. In May 2010, HHC began participating in the City of Antioch's NSP program which funds rehabilitations in the City. In February 2012, HHC began participating in the City of Vallejo's NSP program which funds rehabilitations in the City.

Basis of accounting

HHC uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments. Income on sales of property acquired for improvements is recognized only upon the sale of the property.

Basis of presentation:

HHC reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash:

Cash is considered to be short-term, highly liquid investments with original maturities of three months or less as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity.

Property and equipment.

Property and equipment are stated at cost of acquisition, or fair market value if donated. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Costs of homes in progress are not depreciated.

The useful lives of the assets are estimated as follows:

Equipment	5 years
-----------	---------

Cost of homes in progress:

Costs of homes in progress are stated at the lesser of cost, or net realizable value. Any known amounts which are estimated to be non-recoverable from the ultimate sales prices of the homes will be recorded as an expense in HHC's financial statements.

In-kind contributions:

In-kind contributions consist of donated homes. Donated homes are valued at market value on the date of donation.

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2013 AND DECEMBER 31, 2012

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued):

Income taxes:

HHC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections. HHC recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a “more-likely-than-not” threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. HHC is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. HHC recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. HHC’s tax returns are generally subject to examination by federal and state tax authorities for three and four years respectively.

Functional expenses allocation:

The costs of providing program services and general and administrative services are summarized on a functional basis in the statement of activities. Accordingly, certain costs are allocated among program services and general and administrative services based on estimates of employees’ time incurred and on usage of resources.

Net assets and changes therein are classified as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations to be maintained permanently by HHC. HHC had no permanently restricted net assets at December 31, 2013 or 2012.

Temporarily restricted net assets - Net assets restricted by donor-imposed stipulations that either expire with the passage of time or the satisfaction of the stipulations by HHC. HHC had no temporarily restricted net assets at December 31, 2013 or 2012.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Subsequent events:

Management has evaluated subsequent events through July 28, 2014, the date which the financial statements were available to be issued.

Note 2. NATURE OF ESTIMATES:

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant changes relate to the determination of the value of the donated homes.

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2013 AND DECEMBER 31, 2012

Note 3. CONCENTRATIONS:

HHC received over 95% of its public support from governmental agencies for December 31, 2013 and 2012. Such funding consists of loans to acquire and rehabilitate homes, which is subject to potential reduction inherent in the governmental budgetary process.

Note 4. COST OF HOMES IN PROGRESS:

The following is a summary of construction costs for homes sold during the year ended December 31, 2013 and 2012.

	<u>Number</u>	<u>Cost</u>
Homes under construction, January 1, 2012	3	\$ 446,539
Purchase, donation and rehabilitation of homes	12	1,599,341
Less cost charged to cost of homes sold	<u>(7)</u>	<u>(1,197,769)</u>
Homes under construction, January 1, 2013	8	848,111
Purchase, donation and rehabilitation of homes	5	809,374
Less cost charged to cost of homes sold	<u>(6)</u>	<u>(1,433,956)</u>
Balance at December 31, 2013	<u>7</u>	<u>\$ 223,529</u>

Note 5. NOTES RECEIVABLE:

During 2011, HHC issued three loans to borrowers, which at December 31, 2013 total \$84,214. The loans, which are collateralized by real property, carry interest rates of 6%. The Organization considers the notes receivable to be fully collectible and therefore, did not provide for an allowance as of December 31, 2013.

Following is a summary of the notes receivable at December 31, 2013:

Mortgage loans	\$ 84,214
Less: current maturities	32,431
Total long-term notes receivable	<u>\$ 51,783</u>

Note 6. EQUIPMENT:

Equipment is summarized as follows at December 31, 2013 and 2012.

	<u>2013</u>	<u>2012</u>
Office equipment	\$ 2,155	\$ 2,817
Less: accumulated depreciation	(324)	(981)
Total property and equipment	<u>\$ 1,831</u>	<u>\$ 1,836</u>

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2013 AND DECEMBER 31, 2012

Note 7. RELATED-PARTY TRANSACTIONS:

As a developer, HHC contracted with Hodge Construction to manage the projects as the general contractor on the majority of NSP projects in 2013 and 2012. Paul Hodge is the owner of Hodge Construction and also acts as Executive Director for HHC. Hodge Construction was paid \$254,820 in 2013 and \$327,548 in 2012 as a general contractor for HHC. Hodge Construction is responsible to pay all the subcontractor trades on the projects. Subcontractors are not related to Hodge Construction or HHC.

HHC rents office space from Hodge Construction. However, in 2012, the rental agreement was modified such that rental payments were paid directly to the landlord and not to Hodge Construction. Thus, starting in 2012 facilities payments to Hodge Construction did not include rent. In 2013 and 2012, the facilities expense reimbursement totaled \$12,260 and \$17,961, respectively. Expense reimbursements include software support and computer repairs, security alarm, telephone, utilities, auto expenses, and office improvements.

Note 8. LONG-TERM DEBT:

Notes payable are secured by the projects unless otherwise disclosed and consist of the following at December 31, 2013 and 2012:

	<u>2013</u>	<u>2012</u>
	<u>Principal</u>	<u>Principal</u>
<u>City of Vallejo</u>		
City of Vallejo, non-interest bearing, payable February 2013, secured by real estate with a cost basis of \$171,796 (408 Coghlan Street).	\$ -	\$ 162,955
City of Vallejo, non-interest bearing, payable May 2014, secured by real estate with a cost basis of \$156,932 (1862 Griffin Drive).	156,932	-
<u>Contra Costa County</u>		
Contra Costa County, non-interest bearing, payable July 2013, secured by real estate with a cost basis of \$232,618 (1197 Arch Ct).	-	230,345
Contra Costa County, non-interest bearing, payable December 2013, secured by real estate with a cost basis of \$237,023 (46 Puffin Circle).	-	234,684
Contra Costa County, non-interest bearing, payable December 2013, secured by real estate with a cost basis of \$176,835 (2405 Mountain View).	-	170,624
	<u>\$ 156,932</u>	<u>\$ 798,608</u>

Scheduled principal payments on the notes payable are estimated as follows:

2014	<u>\$ 156,932</u>
------	-------------------

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2013 AND DECEMBER 31, 2012

Note 9. IN-KIND CONTRIBUTIONS:

In-kind contributions for the years ended December 31, 2013 and 2012 are summarized as follows:

	<u>2013</u>	<u>2012</u>
Donated homes	\$ -	\$ 24,500
Total in-kind contributions	\$ -	\$ 24,500



*For I was hungry and you gave
me something to eat, I was
thirsty and you gave me
something to drink, I was a
stranger and you invited me in.*

HEART AND HANDS OF COMPASSION, INC.

(A California Nonprofit Corporation)

FINANCIAL STATEMENTS

DECEMBER 31, 2012 AND DECEMBER 31, 2011



RINA accountancy corporation

HEART AND HANDS OF COMPASSION, INC.

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RINA accountancy corporation
201 North Civic Dr. Suite 220 Walnut Creek, CA 94596
phone 925.210.2180 fax 925.210.2199 1.800.RINA.CPA web www.rina.com



Independent Auditors' Report

The Board of Directors
Heart and Hands of Compassion, Inc.

We have audited the accompanying financial statements of Heart and Hands of Compassion, Inc. (a California nonprofit corporation), which comprise the statements of financial position as of December 31, 2012 and 2011, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Heart and Hands of Compassion, Inc. as of December 31, 2012 and 2011, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

RINA Accountancy Corporation

Certified Public Accountants

Walnut Creek, California
July 30, 2013

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF FINANCIAL POSITION

<u>ASSETS</u>	<u>December 31, 2012</u>	<u>December 31, 2011</u>
CURRENT:		
Cash	\$ 106,461	\$ 75,198
Accounts receivable	2,812	560
Notes receivable, current portion	12,536	11,808
Cost of homes in progress	<u>848,111</u>	<u>446,539</u>
TOTAL CURRENT ASSETS	969,920	534,105
OTHER ASSETS:		
Notes receivable, net of current portion	84,214	96,750
Equipment - net	<u>1,836</u>	<u>971</u>
TOTAL ASSETS	<u>\$ 1,055,970</u>	<u>\$ 631,826</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES:		
Accounts payable	\$ 813	\$ 52,165
Notes payable	<u>798,608</u>	<u>323,803</u>
TOTAL LIABILITIES	<u>799,421</u>	<u>375,968</u>
NET ASSETS:		
Unrestricted net assets	256,549	255,858
Temporarily restricted net assets	<u>-</u>	<u>-</u>
TOTAL NET ASSETS	<u>256,549</u>	<u>255,858</u>
TOTAL LIABILITIES AND NET ASSETS	<u>\$ 1,055,970</u>	<u>\$ 631,826</u>

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2012

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Sales of homes	\$ 978,598	\$ -	\$ 978,598
Developer fees	124,556	-	124,556
Forgiveness of debt	226,093	-	226,093
In-kind contributions	24,500	-	24,500
Interest Income	6,192	-	6,192
Net assets released from restrictions	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	<u>1,359,939</u>	<u>-</u>	<u>1,359,939</u>
EXPENSES:			
Program services	1,299,125	-	1,299,125
General and administrative	60,123	-	60,123
TOTAL EXPENSES	<u>1,359,248</u>	<u>-</u>	<u>1,359,248</u>
INCREASE IN NET ASSETS	691	-	691
NET ASSETS, beginning of year	<u>255,858</u>	<u>-</u>	<u>255,858</u>
NET ASSETS, end of year	<u>\$ 256,549</u>	<u>\$ -</u>	<u>\$ 256,549</u>

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.

STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2011

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
PUBLIC SUPPORT AND REVENUE:			
Sales of homes	\$ 1,249,600	\$ -	\$ 1,249,600
Developer fees	138,769	-	138,769
Forgiveness of debt	336,350	-	336,350
In-kind contributions	56,000	-	56,000
Interest Income	117	-	117
Net assets released from restrictions	-	-	-
TOTAL PUBLIC SUPPORT AND REVENUE	1,780,836	-	1,780,836
EXPENSES:			
Program services	1,812,638	-	1,812,638
General and administrative	74,011	-	74,011
TOTAL EXPENSES	1,886,649	-	1,886,649
DECREASE IN NET ASSETS	(105,813)	-	(105,813)
NET ASSETS, beginning of year	361,671	-	361,671
NET ASSETS, end of year	\$ 255,858	\$ -	\$ 255,858

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.**STATEMENT OF CASH FLOWS**

	<u>Year Ended December 31, 2012</u>	<u>Year Ended December 31, 2011</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Increase (decrease) in net assets	\$ 691	\$ (105,813)
Adjustments to reconcile increase (decrease) in net assets to net cash provided (used) by operating activities:		
Depreciation	426	305
Forgiveness of debt	(226,093)	(336,350)
In-kind contributions	(24,500)	(56,000)
(Increase) decrease in assets:		
Receivables	(2,252)	2,367
Cost of homes in progress	(377,072)	542,667
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(51,352)	51,953
NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	<u>(680,152)</u>	<u>99,129</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases of equipment	(1,291)	-
Collection from (issuance of) notes receivable	11,808	(108,558)
NET CASH PROVIDED (USED) BY INVESTING ACTIVITIES	<u>10,517</u>	<u>(108,558)</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from notes payable	1,535,802	999,210
Payments on notes payable	(834,904)	(1,116,798)
NET CASH PROVIDED (USED) BY FINANCING ACTIVITIES	<u>700,898</u>	<u>(117,588)</u>
INCREASE (DECREASE) IN CASH	31,263	(127,017)
CASH, beginning of year	<u>75,198</u>	<u>202,215</u>
CASH, end of year	<u>\$ 106,461</u>	<u>\$ 75,198</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid during the year for taxes	\$ 50	\$ 162
Non-cash investing and financing activities:		
Assets transferred in exchange for notes receivable	\$ -	\$ 203,346
Less: loss on sale of homes	-	71,546
Less: cash down payment	-	23,242
Notes receivable	<u>\$ -</u>	<u>\$ 108,558</u>

See notes to financial statements.

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012 AND DECEMBER 31, 2011

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

Nature of activities:

Heart and Hands of Compassion (HHC) is a California nonprofit corporation that was incorporated in 2009. HHC pursues its mission to help house and feed the less fortunate within their community.

In August 2009, HHC began participating in the Contra Costa County NSP program which funds the purchase and rehabilitation of homes in the Contra Costa County area. Once rehabilitated, these homes are sold to low to moderate income families. In May 2010, HHC began participating in the City of Antioch's NSP program which funds rehabilitations in the City. In February 2012, HHC began participating in the City of Vallejo's NSP program which funds rehabilitations in the City.

Basis of accounting:

HHC uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments. Income on sales of property acquired for improvements is recognized only upon the sale of the property.

Basis of presentation:

HHC reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Cash:

Cash is considered to be short-term, highly liquid investments with original maturities of three months or less as well as cash on hand. Not included as cash are funds restricted as to their use, regardless of liquidity.

Property and equipment:

Property and equipment are stated at cost of acquisition, or fair market value if donated. The costs of maintenance and repairs are charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets. Costs of homes in progress are not depreciated.

Costs of homes in progress are stated at the lesser of cost, or net realizable value. Any known amounts which are estimated to be non-recoverable from the ultimate sales prices of the homes will be recorded as an expense in HHC's financial statements.

The useful lives of the assets are estimated as follows:

Equipment	5 years
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In-kind contributions:

In-kind contributions consist of donated homes. Donated homes are valued at market value on the date of donation.

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012 AND DECEMBER 31, 2011

Note 1. NATURE OF BUSINESS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(Continued):

Income taxes:

HHC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections. HHC recognizes the financial statement benefit of an uncertain tax position only after considering the probability that a tax authority would sustain the position in an examination. For tax positions meeting a "more-likely-than-not" threshold, the amount recognized in the financial statements is the benefit expected to be realized upon settlement with the tax authority. For tax positions not meeting the threshold, no financial statement benefit is recognized. HHC is relying on its tax-exempt status and its adherence to all applicable laws and regulations to preserve that status. HHC recognizes interest and penalties, if any, related to uncertain tax positions as income tax expense. All of HHC's income tax returns are subject to examination by tax authorities.

Functional expenses allocation:

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

Net assets and changes therein are classified as follows:

Permanently restricted net assets - Net assets subject to donor-imposed stipulations to be maintained permanently by HHC. HHC had no permanently restricted net assets at December 31, 2012 or 2011.

Temporarily restricted net assets - Net assets restricted by donor-imposed stipulations that either expire with the passage of time or the satisfaction of the stipulations by HHC. HHC had no temporarily restricted net assets at December 31, 2012 or 2011.

Unrestricted net assets - Net assets not subject to donor-imposed stipulations.

Subsequent events:

Management has evaluated subsequent events through July 30, 2013, the date which the financial statements were available to be issued.

Note 2. NATURE OF ESTIMATES:

The preparation of 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 financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Material estimates that are particularly susceptible to significant changes relate to the determination of the value of the donated homes.

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012 AND DECEMBER 31, 2011

Note 3. CONCENTRATIONS:

IHC received over 95% of its public support from governmental agencies for December 31, 2012 and 2011. Such funding consists of loans to acquire and rehabilitate homes which is subject to potential reduction inherent in the governmental budgetary process.

Note 4. COST OF HOMES IN PROGRESS:

The following is a summary of construction costs for homes sold during the year ended December 31, 2012 and 2011.

	<u>Number</u>	<u>Cost</u>
Homes under construction, January 1, 2010	7	\$ 933,206
Purchase, donation and rehabilitation of homes	6	1,169,936
Less cost charged to cost of homes sold	<u>(10)</u>	<u>(1,656,603)</u>
Homes under construction, January 1, 2011	3	446,539
Purchase, donation and rehabilitation of homes	12	1,599,341
Less cost charged to cost of homes sold	<u>(7)</u>	<u>(1,197,769)</u>
Balance at December 31, 2012	<u>8</u>	<u>\$ 848,111</u>

Note 5. NOTES RECEIVABLE:

During 2011, HHC issued three loans to borrowers, which at December 31, 2012 total \$96,750. The loans, which are collateralized by real property, carry interest rates of 6%. The Organization considers the notes receivable to be fully collectible and therefore, did not provide for an allowance as of December 31, 2012.

Following is a summary of the notes receivable at December 31, 2012:

Mortgage loans	\$ 96,750
Less: current maturities	<u>(12,536)</u>
Total long-term notes receivable	<u>\$ 84,214</u>

Note 6. EQUIPMENT:

Equipment is summarized as follows at December 31, 2012 and 2011:

	<u>2012</u>	<u>2011</u>
Office equipment	\$ 2,817	\$ 1,526
Less: accumulated depreciation	<u>(981)</u>	<u>(555)</u>
Total property and equipment	<u>\$ 1,836</u>	<u>\$ 971</u>

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012 AND DECEMBER 31, 2011

Note 7. RELATED-PARTY TRANSACTIONS:

As a developer, HHC contracted with Hodge Construction to manage the projects as the general contractor on the majority of NSP projects in 2012 and 2011. Paul Hodge is the owner of Hodge Construction and also acts as Executive Director for HHC. Hodge Construction was paid \$327,548 in 2012 and \$359,188 in 2011 as a general contractor for HHC. Hodge Construction is responsible to pay all the subcontractor trades on the projects. Subcontractors are not related to Hodge Construction or HHC.

HHC rents office space from Hodge Construction. However, in 2012, the rental agreement was modified such that rental payments were paid directly to the landlord and not to Hodge Construction. Thus, in 2012 facilities payments to Hodge Construction did not include rent. Payments for rent and other expenses reimbursed to Hodge Construction in 2011 totaled \$7,800. In 2012, the facilities expense reimbursement totaled \$17,961. Expense reimbursements include software support and computer repairs, security alarm, telephone, utilities, auto expenses, and office improvements.

Note 8. LONG-TERM DEBT:

Notes payable are secured by the projects unless otherwise disclosed and consist of the following at December 31, 2012 and 2011:

	<u>2012</u> <u>Principal</u>	<u>2011</u> <u>Principal</u>
<u>City of Vallejo</u>		
City of Vallejo, non-interest bearing, payable February 2013, secured by real estate with a cost basis of \$171,796 (408 Coghlan Street).	\$ 162,955	\$ -
<u>City of Antioch</u>		
City of Antioch, non-interest bearing, payable October 2012, secured by real estate with a cost basis of \$159,963 (3266 Madrone St).	-	113,148
<u>Contra Costa County</u>		
Contra Costa County, non-interest bearing, payable July 2013, secured by real estate with a cost basis of \$232,618 (1197 Arch Ct).	230,345	-
Contra Costa County, non-interest bearing, payable December 2013, secured by real estate with a cost basis of \$237,023 (46 Puffin Circle).	234,684	-
Contra Costa County, non-interest bearing, payable December 2013, secured by real estate with a cost basis of \$176,835 (2405 Mountain View).	170,624	-
Contra Costa County, non-interest bearing, due September 2012, secured by real estate with a cost basis of \$227,168 (1871 Johnson Dr).	_____	<u>210,655</u>
	<u>\$ 798,608</u>	<u>\$ 323,803</u>

HEART AND HANDS OF COMPASSION, INC.

NOTES TO FINANCIAL STATEMENTS – DECEMBER 31, 2012 AND DECEMBER 31, 2011

Note 8. LONG-TERM DEBT (Continued):

Scheduled principal payments on the notes payable are estimated as follows:

2013	<u>\$ 798,608</u>
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Note 9. IN-KIND CONTRIBUTIONS:

In-kind contributions for the years ended December 31, 2012 and 2011 are summarized as follows:

	<u>2012</u>	<u>2011</u>
Donated homes	<u>\$ 24,500</u>	<u>\$ 56,000</u>
Total in-kind contributions	<u>\$ 24,500</u>	<u>\$ 56,000</u>

EMPLOYEE HANDBOOK
OF
HEART AND HANDS OF COMPASSION



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Introduction

We would like to take this opportunity to welcome you to the **HHC** family. Your employment is very important to us. We look forward to working with you as we continue to serve our mission to better our community, while also providing a rewarding and supportive environment to our employees. As part of our team, we encourage all employees to continue our tradition of excellence and integrity. Furthermore, we value our employee's loyalty and honesty and encourage open communication. We are confident that we will provide you with a rewarding employment environment and we welcome you once again to the **HHC** team.

This Handbook is intended as a means of communicating our policies and procedures to you in order for you to better understand how we, your employer, operate. It is presented as a matter of information only and its contents should not be interpreted, and are not intended, as a written employment contract between **HHC** and any of its employees or a guarantee of continued employment. The information contained in this Handbook applies to all employees of the **HHC** uniformly and supersedes all prior policies and procedures. Employees should be aware that at all times you are employed by **HHC**, your employment is at-will. Just as employees can terminate their employment at any time, **HHC** retains the right to terminate employees at any time, with or without cause. The **HHC** reserves the right to suspend, modify or amend any policy or procedure at any time, even without notice, with the sole exception of the "at-will" employment policy, which may be amended only by a written document signed by the Executive Director of the **HHC**.

After reading the following material, we urge you to discuss any questions and comments you may have with your immediate supervisor. We strongly believe in an "open-door, open-communication" philosophy and expect every employee to give us their input to achieve our mutual goals.

Finally, this handbook supersedes all previous handbooks, as well as management memos that may have been issued on the subjects covered.

We wish you a rewarding career.

I. EMPLOYMENT POLICIES

Drug-Free Workplace

Employees must report to work in a fit condition to work. **HHC** believes that alcohol and drug abuse greatly affect job performance, the work environment and confidence in the company. We will take immediate action, up to and including immediate discharge, against employees who use, distribute or possess controlled substances while on **HHC's** premises, or who violate Company rules that prohibit usage of alcohol on the job or at such times prior to working hours as to impair job performance. Any employee who violates this alcohol and drug policy will be subject to disciplinary action up to and including immediate discharge.

Employment Authorization

The Immigration Reform and Control Act of 1986 requires that **HHC** ensure that employees are authorized for employment in the United States. Therefore, only individuals lawfully authorized for employment in the United States will be employed by **HHC**.

In connection with the Immigration Reform and Control Act of 1986, **HHC** must collect certain information and review certain documentation concerning the employment authorization of individuals hired after November 6, 1986. This information and documentation will be used only for compliance with the Immigration Reform and Control Act of 1986 and not for any unlawful purpose. If your employment authorization changes or terminates after the start date of your employment, please inform **HHC** immediately.

OR

EMPLOYMENT ELIGIBILITY AND VERIFICATION (I-9 FORM)

Federal Law requires that every employee hired by the **EMPLOYEE** after November 6, 1986, complete Section 1 of the Employment Eligibility Verification Form (commonly called the I-9) on the first day of work and Section 2 within three workdays of the start of work. The I-9 provides proof of eligibility of work in the United States and at the **EMPLOYEE**. You must complete Section 1 and present documentation of your identify and work eligibility, as described on the back of the back of the I-9 form, to staff Management of Main Office for verification and completion of Section 2. Completion of the I-9 process within three workdays of the start of work is a condition of employment.

Upon presentation of documentation and completion of Section 2 of the I-9 form, Management Office will provide you with copies of a receipt to retain and to provide to your department hiring officials to verify that the I-9 process is complete.

Department hiring officials are responsible for ensuring that you complete Section 1 of the I-9 Form on the first day of work and that you give them a copy of the receipt for Section 2 within three workdays of the first day of work. If you do not provide the receipt in this time frame, Management Office will suspend you without pay. If you do not complete the I-9 form within five business days following your suspension, Human Resources will notify your department and terminate your employment.

If your status documents expire on a particular date, you must come to Management Office with appropriate documentation before the expiration date of the documents. If you do not provide the required documentation by the expiration date, the suspension and termination procedures described above will apply.

Please contact the HHC office if you have any questions about the employment eligibility and verification process.

Employees With Disabilities

HHC is firmly committed to complying with the Americans With Disabilities Act (ADA) and other federal and state legislation designed to ensure equal employment opportunities to persons with disabilities. HHC prohibits discrimination on the basis of disability in regard to all employment practices or terms, conditions and privileges of employment. Consistent with this policy and applicable law, the HHC will make reasonable accommodation to the known physical or mental limitations of qualified applicants or employees, unless to do so would cause an undue hardship on the operation of its business.

Religious Accommodation

The HHC will make reasonable efforts to accommodate the religious practices of our Employees. Whenever an Employee requests an accommodation, the HHC will consider such possibilities as time off or change in job assignment. The requested accommodation, however, must be reasonable. We will not make any accommodation that would create an undue hardship on the conduct of the HHC. Based on the particular facts in each case, we will determine whether a requested accommodation would create an undue hardship.

Policy Against Harassment

HHC expects that all employees will treat each other with fairness and respect. Harassment on the basis of race, religion, color, gender, age, national origin or disability or as otherwise provided under state or local law, will not be tolerated and is strictly prohibited. Harassment of this type is illegal and contrary to the policy of HHC. The company strives to foster a work environment free of harassment, discrimination, intimidation and insult. Harassment is a form of misconduct that undermines both personal and professional relationships in the workplace. Every staff member must be assured that he or she can work in an environment that is free from unwanted and unwelcome harassment and discrimination.

Harassment creates unacceptable stress for the entire organization, adversely affecting morale, demeans the individual so treated, and could cause potentially devastating costs to the Company. The HHC believes that courteous, mutually respectful, pleasant, non-coercive interactions between employees will best serve the well-being of each individual and the HHC.

Any person who believes that he/she is the victim of any type of discriminatory conduct, should bring that conduct to the immediate attention of his/her supervisor, the Office Administrator or any member of management/board. The company will conduct a prompt and thorough investigation of all the circumstances surrounding the alleged incident in a confidential nature. If the investigation discloses that an individual has committed an act of discrimination, that individual will be subject to appropriate disciplinary action, up to and including termination. Retaliation in any form against an employee who complains of discrimination or harassment is strictly prohibited and will result in appropriate disciplinary action. Any supervisory employee to

whom an employee brings a complaint of harassment but who fails to take appropriate action to resolve it will also be disciplined. See Anti-Harassment and Non-Discrimination Policy attached.

Equal Employment Opportunity

It has been and will continue to be the policy of HHC's to be fair and impartial in all of its relations with its employees and applicants for employment and to make all employment-related decisions without regard to race, religion, color, national origin, age, sex, disability, or any other categories protected by federal, state, or local law. This policy applies to recruitment, hiring, training, promotion, and all other personnel actions and conditions of employment such as compensation, benefits, layoffs and reinstatements, training, tuition assistance, and disciplinary measures. Decisions regarding employment and promotion will be based solely only upon valid job-related factors.

Any employees with questions or concerns about any type of discrimination in the workplace are encouraged to bring these issues to the attention of their immediate supervisor or the Human Resources Department. Employees can raise concerns and make reports without fear of reprisal. Anyone found to be engaging in any type of unlawful discrimination will be subject to disciplinary action, up to and including termination of employment.

Life-Threatening Illnesses

HHC recognizes that employees with life-threatening illnesses, such as cancer, heart disease and AIDS, may wish to continue their normal pursuits, including work, to the extent possible. The decision regarding the employee continuing to work will be made in accordance with applicable law (on a case-by-case basis) and according to the ability of the individual with a life-threatening disease to perform job-related duties.

No-Solicitation/No-Distribution

The conducting of non-Company business, such as canvassing, collection of funds, pledges, circulation of petitions, solicitation of memberships, or any other similar types of activity is not permitted during the working time of either the employee doing the soliciting or being solicited or at any time in working areas.

The distribution of non-Company literature, such as leaflets, letters, or other written materials by an employee is not permitted during the working time of either the employee doing the distributing or the employee to whom the non-Company literature is being distributed, or at any time in working areas.

Open-Door Policy

We strongly believe in an open-door, open-communication policy and feel it is an important benefit to us, as well as to other employees. This policy, we believe, will allow

employees to come forward and discuss their problems with their manager or direct supervisor, in order to resolve the issues quickly and efficiently. However, if your immediate supervisor is not able to satisfy your questions regarding the interpretation or application of this Handbook or any other work place issue, then you are free to contact the next higher level of supervision. If an employee has or foresees a problem which may interfere with that employee's ability to adequately perform his/her responsibilities, the employee should discuss the matter with his/her supervisor or with the Executive Director.

Introductory Period

All employees are hired on a ninety (90) day introductory period. During this time you have the opportunity to determine whether you are suited for the job and HHC has the opportunity to determine whether you are satisfying the job requirements and responsibilities. During this period employees will earn but cannot use annual and sick leave, vacation leave or other paid leave. In addition, employees are not entitled to health insurance. It is the policy of HHC to maintain an at-will employment relationship with all employees at all times during and after the introductory period.

During this introductory period, as well as at all other times, both employees and HHC have the right to terminate employment without advance notice and without cause. Successful completion of the introductory period is not a guarantee of continued employment or of any set term of employment. Continued employment is always subject to our business needs and discretion, as well as your performance. Both during and after the introductory period, your employment with HHC remains an at-will relationship at all times.

Sexual Harassment Policy

Sexual harassment as well as gender based discrimination is illegal and contrary to the policy of HHC. The company strives to foster a work environment free of sexual harassment, gender based discrimination, intimidation and insult. HHC prohibits any employee from making unwelcome and unsolicited sexual advances, unwelcome, offensive or inappropriate comments regarding an employee's gender or engaging in other verbal or physical conduct of a sexual or gender-offensive nature, when an individual's submission to that conduct is made explicitly or implicitly a term or condition of that individual's employment, or when that conduct creates an intimidating, hostile, or offensive working environment. Harassment based on gender is a form of misconduct that undermines both personal and professional relationships in the workplace. Every staff member must be assured that he or she can work in an environment that is free from unwanted and unwelcome harassment and discrimination.

Sexual harassment creates unacceptable stress for the entire organization, adversely affecting morale, demeans the individual so treated, and could cause potentially devastating costs to the HHC. The HHC believes that courteous, mutually respectful, pleasant, non-coercive interactions between employees will best serve the well-being of each individual and the HHC.

All employees, both male and female, are strictly prohibited from sexually harassing or making improper advances toward other employees or harassing other employees as a result of their gender. Sexual harassment includes unwelcome or unsolicited verbal, physical or sexual conduct, that is made a term or condition of employment, or is used as the basis of employment or advancement decisions. Sexual harassment also includes conduct that has the purpose or effect of unreasonably interfering with work or creating an intimidating, hostile or offensive work environment.

Sexual harassment includes but is not necessarily limited to:

- Unwelcome or unwanted sexual advances.
- Requests or demands for sexual favors.
- Verbal abuse, kidding, or physical contact that is sexually oriented and considered unacceptable by the target of the abuse.
- Any type of sexually oriented conduct that interferes with another's work performance.
- Sexually oriented conversations or activities that create a work environment that is intimidating, hostile or offensive to any staff member.
- Verbal abuse, kidding, remarks or comments that intimidate, ridicule, and maliciously demean the status of an individual's gender.

Any person who believes that he/she is the victim of any type of discriminatory conduct, including sexual harassment, should bring that conduct to the immediate attention of his/her supervisor, the Executive Director or any member of management. The organization will conduct a prompt and thorough investigation of all the circumstances surrounding the alleged incident in a confidential nature. If the investigation discloses that an individual has committed an act of discrimination, that individual will be subject to appropriate disciplinary action, up to and including termination. Retaliation in any form against an employee who complains of discrimination or harassment is strictly prohibited and will result in appropriate disciplinary action. Any supervisory employee to whom an employee brings a complaint of sexual harassment but who fails to take appropriate action to resolve it will also be disciplined.

II. LEAVES FROM WORK AND OTHER BENEFITS

Compensation

HHC maintains two-week pay periods. Paychecks will generally be distributed on the 15th and 30th day of the month. If the payday should fall on a holiday or weekend, checks will be distributed on the previous working day, if possible. All appropriate wage and payroll deductions shall be taken out of each paycheck as required by law. Each employee is required to complete his/her time and attendance record promptly in accordance with established procedures.

Bereavement Leave

A bereavement period is a time when you need to know that the people you work with care about you and your family. We will make every effort to meet your needs for time off during this period. In addition, as part of our commitment to you, we will provide bereavement pay for up to 3 days of regularly scheduled work in the 5 days following the death. This benefit covers death in the employee's immediate family as follows: spouse, child, stepchild, brother, sister, parent, grandparent, grandchild, and spouse's parent.

STATE FMLA Policy

Employees returning to work from Family or Medical Leave must give at least one week's notice to the Office Manager prior to returning from leave. Those employees not intending to return after the completion of leave must also provide the Human Resources Department at least one week notice of their intent not to return after leave. Failure to return to work on the scheduled date of return will indicate that the employee has resigned his/her employment with **the HHC**.

Annual, Sick and Personal Leave do not accrue during time of employment by HHC.

A medical certification may be required from a health care provider for Family or Medical Leave taken to care for a seriously ill family member or for an employee's own medical leave. **The HHC** reserves the right to require a second opinion from another health care provider, (at **HHC's** expense), and periodic re-certification as permitted by law.

An employee may be required to obtain a medical certification from his or her health care provider stating that the employee is able (or unable) to return to work (i.e., a "fitness-for-duty" report).

Intermittent Leave to care for a new child is not permitted. Intermittent Leave is permitted for serious illness when it is medically necessary. Medical certification is required prior to granting intermittent leave. If leave is required on an intermittent basis or reduced leave basis, **the HHC** may require the employee to transfer temporarily to an alternative position that better accommodates the intermittent leave or a part-time schedule, provided the position has equivalent pay and benefits. The employee must discuss the proposed intermittent leave schedule with his or her supervisor before leave begins.

HHC is not required to guarantee employment to these employees upon their return to work, if restoration would lead to grievous economic harm to **the HHC**.

General Policies on Absences

If you are unable to report for work, or if you will be late coming to work or have to leave early, notify the manager for whom you work as soon as you are aware of the situation so that alternative plans can be made.

Regular attendance is required for all employees. Continued occurrences of lateness or absenteeism will result in dismissal.

Jury Duty

HHC recognizes that serving on jury duty is a civic responsibility for every U.S. citizen. HHC does reserve the right to ask the court to excuse the employee if it causes undue hardship on the company. HHC also recognizes that employees may at times be summoned or subpoenaed for a court appearance as a witness. HHC will grant employees paid leave for time spent on jury duty and for attendance as a nonparty witness in court, except that the company reserves the right to limit the duration of paid leave. As a result of receiving paid leave, all jury and witness fees, except transportation reimbursement, must be turned over to the company. Copies of all summons and court documentation for time spent out of the office must be turned in to the Office Administrator. Employees should give their supervisors as much notice as possible of their need for leave under this policy also applies to regular full-time employees.

Holidays

Nine paid holidays are granted to regular, full-time employees during a calendar year. A schedule is given at the beginning of each year stating the specific holidays.

Leave Without Pay (Also applies to regular Full-Time Employees)

HHC will grant leave without pay for medical problems or other personal reasons. Employees should request the leave in writing to HHC manager. While employees are on leave without pay they shall not be entitled to paid benefits or salary. Insurance benefits may be continued during the leave at the expense to the employee if applies.

Employees returning from leave without pay are not guaranteed the same position and shift they had when leave was taken. However, reasonable effort will be made to reinstate employees to the first available position of equivalent classification and pay. Employees who do not accept the position offered on return from leave of absence will be considered to have voluntarily resigned from employment.

III. CONDITIONS OF EMPLOYMENT

Workplace Violence

HHC is concerned about the increased violence in society, which has also filtered into many workplaces throughout the United States, and has taken steps to help prevent incidents of violence from occurring at HHC. In this connection, it is the policy of HHC to expressly prohibit any acts or threats of violence by any HHC employee or former employee against any other employee in or about HHC's facilities or elsewhere at any time. HHC also will not condone any acts or threats of violence against HHC's or VAMC's employees, patients, or visitors on VAMC's or HHC's premises at any time or while they are engaged in business with or on behalf of HHC, on or off HHC's premises. Any reports of violence or threats will be promptly and thoroughly investigated and, where warranted, ensure that appropriate action will be taken.

Business Equipment and Electronic Privacy

All of HHC's business equipment, such as copiers, facsimile machines, computer systems (including E-mail, internet systems and electronic storage), and telephone equipment (including voicemail) are the company's property and are to be used solely for business related purposes. There is a cost to the firm associated with the use of all of its business equipment, and the equipment must therefore be used only for business reasons. Please note that you should not expect that the firm's business equipment will afford to you any privacy with respect to personal matters; all of our systems are accessible by firm management and may be monitored from time to time.

The company strictly prohibits non-job-related uses of its software and business equipment, including but not limited to facsimiles, computers and copy machines. If you do not wish personal information, such as that which may be contained in E-mails, computer storage, or voicemail, to be subject to monitoring, you should not employ these systems for personal use.

Employees who violate this policy or who abuse the use of HHC's business equipment are subject to discipline, up to and including termination from employment.

Sample HHC Policy on Use of the Internet

HHC has established the following policy to govern employee usage of the HHC's computer system to connect to the Internet. HHC must be concerned about the accuracy, authenticity, and timeliness of information obtained electronically, about its legal obligations, and about the need to monitor and manage the use of the HHC's resources.

The HHC intends to honor the policies set forth below, but must reserve the right to change them at any time as may be required under the circumstances.

1. The HHC's computer system and any passwords assigned to employees to enable them to obtain Internet access are and remain the property of the HHC.
2. Employees with management approval for access to the Internet, bulletin boards, and other electronic media may use these tools only to meet their job responsibilities. Employees may not use Internet access for personal purposes, including without limitation the following:
 - a. Accessing web sites for personal reasons or engaging in chat groups.
 - b. Use of the Internet for unlawful or malicious activities.
 - c. Use of abusive or objectionable language in either public or private messages.
 - d. Misrepresentation of oneself or inappropriate representation of the HHC.
 - e. Activities that cause congestion and disruption of networks and systems.
 - f. Activities that compromise the HHC's position, reputation, or objectivity.
 - g. Display or access of sexually explicit images, messages, or cartoons. Accessing or display of Internet materials that contain ethnic slurs, racial epithets, or anything that may be construed as harassment or disparagement of others based on their race, national origin, sex, sexual orientation, age, disability, or religious or political beliefs is prohibited. The HHC's nondiscrimination policy extends to Internet use.
3. The HHC reserves the right to access, review, copy, delete, and disclose all activities of all users of the HHC's computer systems or the HHC's network, regardless of whether such users are authorized to use such systems or network for any purposes.
4. Employees have a responsibility to use Internet access in an informed and responsible way, conforming to network etiquette, customs, courtesies, and to corporate policy. Use exactly the same standards of care and professionalism used in any other business-related communications.
5. Be aware that every outgoing communication contains a HHC signature and can be read by millions of people, including our most important news sources, our biggest subscribers, and our competitors.
6. Be aware of and respect all copyright and licensing agreements. Do not forward anyone's messages without permission.

7. Be mindful of the economical and appropriate use of HHC resources. Do not obtain any information or subscribe to any service that requires that a fee be paid without obtaining authorization from the HHC. Whenever possible, employees should print out documents rather than download them to conserve resources.
8. Use of the Internet is a privilege, not a right, and the privilege may be revoked at any time for inappropriate conduct or for any other reason.

Any employee who violates this policy or uses the Internet for improper purposes shall be subject to discipline, up to and including discharge.

Internet Policy Acknowledgment Form

As an employee of [HHC], I, _____, recognize and understand that the HHC's computer system is the property of the HHC, and that the system is to be used for conducting the HHC's business only. I understand that use of this equipment for personal purposes is strictly prohibited.

I am aware that the HHC reserves the right to access, review, copy, delete, and disclose all activities of all users of the HHC's computer systems or the HHC's network, regardless of whether such users are authorized to use such systems or network for any purposes.

I acknowledge that I have read and that I understand the HHC's policy regarding use of the Internet, and that I agree to abide by this policy.

I am aware that violations of the policy may subject me to disciplinary action, up to and including discharge from employment.

[Signature of Employee]

[Date Signed]

E-Mail Policy

The HHC has established the following policy to govern employee usage of the HHC's electronic mail (e-mail) system. This policy covers access and disclosure of e-mail messages created, sent or received by HHC employees, and establishes the proper and permissible uses of the e-mail system by employees.

HHC intends to honor the policies set forth below, but must reserve the right to change them at any time as may be required under the circumstances.

1. **HHC's e-mail system, and all messages created, sent or received using the system, are and remain the property of the HHC. They are not the private or personal property of any employee.**
2. **The HHC maintains its e-mail system to assist in the conduct of its business. The use of the e-mail system is reserved solely for business purposes. It may not be used for personal business, including but not limited to the following:**
 - a. **There shall be no display or transmission of sexually explicit images, messages or cartoons in e-mails. Transmission or use of e-mail communications that contain ethnic slurs, racial epithets, or anything that may be construed as harassment or disparagement of others based on their race, national origin, sex, sexual orientation, marital status, age, disability, or religious or political beliefs is prohibited. Communications that violate the personal privacy of, or are disrespectful of, any individual are also prohibited. The HHC's nondiscrimination policy extends to all e-mail communications.**
 - b. **The electronic mail system may not be used to solicit or proselytize for commercial ventures, religious or political causes, outside organizations, or other non-job-related solicitations. The HHC's non-solicitation policy extends to e-mail communications.**
 - c. **E-mail may not be used for communications in furtherance of any illegal activity, including but not limited to "football pools" and other forms of illegal gambling.**
 - d. **E-mail may not be used in a way that is disruptive, offensive to others, or harmful to morale. All e-mail messages should be businesslike and professional in tone and content.**
3. **The e-mail system shall not be used to send or receive copyrighted materials, trade secrets, proprietary financial information, or similar materials without prior authorization.**
4. **The HHC reserves, and intends the right to exercise the HHC's right to access, review and disclose all messages sent over its electronic mail system. Employees should be aware that even deleted e-mail messages can and will be accessed and reviewed by the HHC. The confidentiality of any message should not be assumed. Furthermore, the use of passwords does not guarantee confidentiality. All passwords must be disclosed to the HHC or they are invalid and cannot be used.**

5. Notwithstanding the HHC's right to retrieve and read electronic mail messages, such messages should be treated as confidential by other employees and accessed only by the intended recipient. Employees are not authorized to retrieve or read any e-mail messages that are not sent to them without the specific permission of an HHC representative.

Any employee who violates this policy or uses the e-mail system for improper purposes shall be subject to discipline, up to and including discharge.

Confidentiality of Employer Information

All employees of HHC are required to respect and maintain the confidentiality of all information, including but not limited to, business documents, reports, records, files, correspondence and communications, to which the employee has access in carrying out responsibilities and duties both during and after employment with HHC. None of the aforementioned may be copied or removed from the premises of HHC. All employees are expected to show the highest regard for the privacy of each client and will strictly observe the confidentiality of records and other information associated with a client. Confidentiality is essential to the sound relationship with our clients; it is also a legal and ethical matter of the utmost importance. All personnel will be careful to discuss confidential information only when necessary and appropriate in the context of business operations. Care should be taken to prevent confidential discussions from being overheard by other clients or staff members who are not involved (ie: discussing problems in the hall or reception area). Any discussion of confidential information outside the property or similar violation of these standards will result in immediate dismissal.

Fraternization Policy

It is contrary to HHC's policy to employ supervisors who initiate or develop romantic relationships with company employees, whether the employees be other supervisors or subordinates, and whether the subordinates be under the direct supervision of the supervisor or not. If a supervisor should become romantically involved with another employee who is also employed by HHC it shall be company policy to discharge the supervisor. Any other personal relationship between a supervisor and another employee which adversely effects employee performance and/or efficiency may likewise result in termination. This policy shall be enforced uniformly against all supervisors, without regard to any discriminatory criteria.

Personal Conduct Policy

The orderly and efficient operation of HHC requires that employees maintain proper standards of personal conduct. Fortunately, the vast majority of our employees have the desire and self-discipline to follow common sense rules. These rules are necessary to protect HHC and our employees, as well as provide a high quality of service.

While every situation cannot be anticipated, the following regulations specify impermissible conduct which may result in disciplinary action including immediate discharge. In all instances, Management will determine the appropriate discipline to be imposed. Commission of any of the following or similar acts is considered serious and provides grounds for disciplinary action, which may include dismissal.

Without limiting HHC's right to discharge an employee at any time, with or without cause, the following acts of misconduct are provided as nonexclusive examples of unacceptable activity:

1. Supplying false or misleading information when applying for employment, or at any time during your employment.
2. Altering, destroying, willfully misplacing, discarding or falsifying HHC records.
3. Failure to maintain any privilege and the confidentiality of information of HHC, including but not limited to, documents, reports, records, files, correspondence and communications.
4. Theft or unlawful possession of stolen, lost or mislaid property of HHC or its employees. Destruction or defacing of property of HHC or fellow employees. Theft or unauthorized removal of machinery, tools, equipment, records, or other Company property or the property of employees, customers, or visitors.
5. The possession of weapons, firearms or ammunition on Company property.
6. Failure to follow safety rules.
7. Engaging in any unethical conduct.
8. Committing illegal, immoral or indecent conduct, soliciting persons for these purposes, or aiding and/or abetting any of the above.
9. Possession, use, distribution or being under the influence of illegal drugs at any time while conducting HHC business or while on HHC property, or possessing, consuming or being under the influence of alcoholic beverages while conducting HHC business.
10. Refusal or failure to perform assigned work, to follow a supervisor's instructions, or any act of insubordination.
11. Violation of HHC's equal employment opportunity rules.
12. Engaging in any act of discourteous conduct, using abusive language, rudeness, or similar acts, to HHC or fellow employees.
13. Engaging in horseplay, throwing objects, wrestling or scuffling on plant property.
14. Deliberately or through gross negligence causing injury to another person.
15. Failing to give a high degree of service.
16. Gross negligence or carelessness.
17. Gambling on Company property.
18. Soliciting or receiving cash, gifts, special accommodations, favors or other gratuities related to employment.
19. Misusing sick leave or other leave programs.
20. Excessive tardiness, failure to report to your supervisor, or absence from work without proper permission or notification is prohibited.
21. Uttering, publishing, or distributing false, vicious, or malicious statements concerning HHC or any of its employees.
22. Excessive personal telephone calls.
23. Fighting on plant property or surrounding premises or in connection with

- circumstances out of work in the plant.
24. Violation of HHC's sexual harassment rules.
 25. Defacing, damaging or unauthorized removal of HHC's property or property belonging to a guest or another employee.
 26. Sleeping on the job, loitering or wasting time while on the job.
 27. Leaving the work station or entering another work station without permission.
 28. Smoking in an unauthorized.
 29. Defacing Company property.
 30. Insubordination or refusal to obey instructions of a supervisor.
 31. Unauthorized adjusting or tampering with mechanical devices or records used by the Company in determining wages, costs, efficiency, and waste.
 32. Violation of any policies or procedures contained in this Employee Handbook.

Discipline

HHC expects employees to comply with its policies and standards of behavior and performance. Noncompliance with policies and standards of behavior or performance, including poor performance, may result in disciplinary action, including, but not limited to: informal counseling, oral warnings, written warnings, suspension, and termination. The need for discipline and the type of discipline will be determined by the company.

Resignation

In the event of resignation, an employee is required to give HHC two weeks' notice. Provided HHC is given prior notice, an employee shall be entitled to receive payment for up to a maximum of ten days of accrued or accumulated annual leave earned. Upon resignation, an employee can be required to leave the premises at once or at any time prior to the expiration of the two weeks' notice.

Standards of Professionalism

The manner in which you conduct yourself should create a favorable and lasting impression of HHC. The continued success of HHC depends on the quality, integrity, expertise and professionalism of our staff.

Written communications must meet the highest standards of accuracy and neatness. Individuals who telephone the HHC must receive prompt and courteous attention and a helpful and meaningful response. Individuals who visit HHC must always be treated with deference, tact and courtesy.

All employees should present themselves in a professional and efficient manner. Respect and thoughtfulness towards your fellow workers will always be expected.

Termination

HHC may terminate an employee's service at any time without notice. Upon termination, an employee shall receive payment for any accrued or accumulated annual leave. An

employee shall not, however, receive payment upon termination for any accrued or accumulated sick leave.

IV. ADMINISTRATIVE MATTERS

Employee Information

HHC maintains a personnel file on every employee. It is important that all information in the file is up to date, such as: employee's name, address, telephone number, beneficiary designation, etc. Please note that Employee Information will not be used as the basis of any employment related decision at HHC.

Employee Departure Procedure

All employees at HHC are employees at-will. Upon termination or departure, an employee is expected to do the following:

1. Return to his/her immediate supervisor any and all properties of HHC (i.e. credit cards, security access cards, computers, laptops, keys, car phones, pagers, manuals, software, or any other company-related property in employee's possession).
2. Settle all accounting of any cash funds in the employee's possession.
3. Provide payment of any outstanding bill.

Reference Checks

Employment information about the past or present staff members of the HHC is confidential and should not be communicated to anyone who does not have a legitimate interest in the information. Therefore, all employment reference inquiries regarding past or present staff members must be directed to the Executive Director. No one other than the Executive Director or his/her designee of the HHC is authorized to respond to such requests. In response to a request for employment information, the information furnished by the HHC will be limited to the staff member's name, job title, employment dates and confirmation of salary data.

Employee Privacy

For your protection, employees are discouraged from bringing personal luggage, parcels or bags to work, and advised to keep the personal belongings you carry with you to a minimum. Remember to exercise good common sense, and always take steps to safeguard purses and wallets at all times. HHC cannot be responsible for items which you may leave unsecured or overnight at our offices. The firm reserves the right to look through its own premises, including premises and property issued to employees for their use, such as desks, regardless of whether those premises or property are issued for any employee's sole use.

Hours [EMPLOYER]

HHC's normal working hours are Monday through Friday from 8:30 a.m. to 5:00 p.m. Unless specifically instructed otherwise, employees should work the hours they are scheduled to work. Each employee is entitled each day to one half hour for lunch. Time taken for lunch is not compensable. All employees should take a duty free lunch each and every day.

Overtime

Overtime work may be required due to demands of our business. It is both necessary and important that employees shall be available, sometimes on short notice, to work overtime when circumstances require. Work performed in excess of forty (40) hours in a work week will be paid at the rate of time one and one-half (1 1/2) of the employee's regular rate of pay. Employees must receive authorization by a supervisor prior to working overtime. Failure to receive authorization prior to working overtime will result in discipline with possible termination. Employees exempt from overtime under law (*i.e.*, executive, administrative and professional employees) shall not receive overtime compensation.

Performance Appraisals

Performance appraisals allow us formally to recognize and evaluate your performance. While work load and other circumstances may prevent regular reviews, in general you will receive a written performance appraisal at the end of your introductory period and thereafter. In addition, we will conduct a periodic evaluation of your skills in serving our customers and working with your fellow employees. The appraisal process will take into account the quality and quantity of your work, demonstrated job skills, initiative, attendance, personal conduct and general attitude towards your job, fellow employees and our guests. While the [HHC] will try to assist employees in their work performance, the ultimate responsibility for improving performance rests with the employee.

Personal Telephone Calls

Because our telephone system is of vital importance to our business, all personal calls must be of short duration and held to an absolute minimum. All personal long distance calls are to be charged to your home telephone number. Abuse of the phone system through personal telephone calls is grounds for discipline including termination.

Punctuality and Attendance

Punctuality and regular attendance is an important part of every employee's job. You are expected to come to work on a regular and timely basis and to be on time. You are also expected to stay in your work place until your scheduled time to leave. You will be paid only for the time you actually work, which includes your rest period but not meal breaks. If you are late or leave early, you will only be paid for the time you actually worked, not your whole shift. Continued occurrences of lateness or absenteeism will result in discipline up to and including

termination.

Smoking

HHC maintains a smoke-free work place. There is no smoking in any area of the office.

Workers' Compensation Policy

HHC provides each employee with Workers' Compensation insurance at no cost to the employee. This insurance provides for your medical expenses and a percentage of your income if you are injured as a result of your employment.

You should report any job-related injury or illness immediately to your supervisor and the Director of Human Resources, no matter how minor the injury or illness may seem. You should seek medical treatment promptly.

While HHC encourages the reporting of any valid job related injury or illness, abuse of the Workers' Compensations benefit will not be tolerated. HHC reserves the right to investigate the legitimacy of any claim for Workers' Compensation and will take appropriate disciplinary action where an employee is found to have deliberately filed a false claim.

Personal Appearance

Immaculate grooming and personal cleanliness is expected of all employees. As a representative of the HHC, it is essential that each employee present a professional and well-groomed appearance at all times.

HHC
Employee Acknowledgment

The contents of this Handbook are presented as a matter of information only. The plans, policies, and procedures described are not conditions of employment. **HHC** reserves the right to modify, revoke, suspend, terminate, or change any or all such plans, policies, or procedures, in whole or in part, at any time with or without notice. The language in this booklet is not intended to create, nor is it to be construed to constitute, a contract between **HHC** and any one or all of its employees. That is, employment can be terminated at any time at the will of either the **HHC** or the employee.

Employee Acknowledgment. I certify that I have received a copy of **HHC** Employee Handbook and agree to comply with the policies contained in this Handbook and any revisions to it. I also understand that this Handbook contains the operating procedures for **HHC** and is not intended to be an agreement for employment. I understand that my employment is at-will, and that I do not have a contract for employment nor a guarantee of employment. I also understand that the operating procedures contained in this Handbook can be changed at the sole discretion of **HHC** without prior notification.

Date

Employee

**ANTI-HARASSMENT AND NON-DISCRIMINATION POLICY
OF
HEART AND HANDS OF COMPASSION**



ANTI-HARASSMENT AND NON-DISCRIMINATION POLICY

I. POLICY

It is the policy of Heart and Hands of Compassion in accord with state and federal laws, that each officer, employee, contractor, subcontractor, and volunteer has the right to work in an environment free of harassment and discrimination. Harassment and discrimination are strictly prohibited and will not be tolerated at Heart and Hands of Compassion. Heart and Hands of Compassion will take all reasonable steps within its control to provide an environment in which all individuals are treated with respect and dignity.

It is the policy of Heart and Hands of Compassion to prohibit all forms of harassment and discrimination of or by officers, employees, contractors, subcontractors, and volunteers, including harassment and discrimination based on actual or perceived race, color, religion, sex, national origin, ethnicity, ancestry, age, disability, sexual orientation, gender identity and expression, or based on an individual's association with a group or with one or more of these actual or perceived characteristics.

Retaliation against an individual who files a complaint of harassment or participates in an investigation of such a complaint is strictly prohibited.

Heart and Hands of Compassion shall ensure that all officers, employees, contractors, subcontractors, and volunteers receive a notice of this policy.

II. DEFINITIONS

The following definitions are for purposes of this policy.

Contractor: Any person who is employed directly by an agency or organization that has a contract or Memorandum of Understanding with Heart and Hands of Compassion.

Discrimination: Any act, policy or practice that, regardless of intent, has the effect of subjecting any person to differential treatment as a result of that person's actual or perceived race, color, religion, sex, national origin, ethnicity, ancestry, age, disability, sexual orientation, gender identity and expression, or based on that person's association with a person or group with one or more of these actual or perceived characteristics.

Employee: Any person who is employed directly by Heart and Hands of Compassion.

Gender Identity and Expression: For purposes of this policy, gender identity and expression mean having or being perceived as having gender-related characteristics, appearance, mannerisms, or identity, whether or not stereotypically associated with one's assigned sex at birth.

Harassment: Unwelcome, offensive or intimidating behavior on account of an individual's (or group of individuals') membership in a protected category, as defined below. Unlawful harassment may take many forms including but not limited to:

VERBAL CONDUCT that is directed at an individual (or group of individuals) because of his or her (their) membership in a protected category. Examples include, but are not limited to, epithets, derogatory comments, unwelcome jokes or stories, slurs, unwelcome verbal advances or invitations, requests for sexual favors, or harassing phone calls.

VISUAL CONDUCT that is directed at an individual (or group of individuals) because of his or her (their) membership in a protected category. Examples include, but are not limited to, derogatory or offensive posters, cartoons, bulletins, drawings, photographs, magazines, written articles or stories, screen savers, or electronic communications

PHYSICAL CONDUCT that is directed at an individual (or group of individuals) because of his or her (their) membership in a protected category. Examples include, but are not limited to, touching, patting, pinching, grabbing, staring, leering, lewd gestures, invading personal space, assault, blocking normal movement, or other physical interference.

SEXUAL CONDUCT that is directed at an individual by an officer, employee, contractor, subcontractor, or volunteer, which is unwelcome and/or harassing. Examples include unwelcome sexual advances, requests for sexual favors, or other verbal or physical conduct of a sexual nature.

Protected Categories: Race, color, religion, sex, national origin, ethnicity, ancestry, age, disability, sexual orientation, gender identity and expression, or any other category protected now or in the future by state or federal laws.

Retaliation: Any adverse action taken against a person for filing a complaint of harassment, reporting a complaint of harassment, or participating in or cooperating with an investigation of a complaint of harassment.

Volunteer: Any person who provides services free of charge to Heart and Hands of Compassion.

III. GUIDELINES FOR INVESTIGATING COMPLAINTS:

Under Heart and Hands of Compassion's policy against harassment, supervisors and managers have been instructed to immediately report all claims of harassment to the President of the board and Executive Director. The function then is to provide guidance and resources to investigate, in a manner necessary (depending on the alleged complaint) and disposition of the complaint.

Heart and Hands of Compassion is responsible for making sure that the following occurs:

1. The Heart and Hands of Compassion board thoroughly investigates and reaches a conclusion on each complaint of harassment or discrimination within 10 (ten) days after management receives notice of the complaint unless additional time is necessary to ensure all information is gathered.
2. The investigation must be properly documented.
3. The Heart and Hands of Compassion board arrives at a conclusion based on the facts uncovered during the investigation and that disciplinary action taken is documented.
4. The Heart and Hands of Compassion board will take appropriate disciplinary action based on the facts uncovered during the investigation, and that the disciplinary action taken is documented. In most cases, a solicitor to ensure legality will preview the ultimate decision as to what discipline should be imposed.

WHO SHOULD CONDUCT THE INVESTIGATION:

An upper level board member will undertake the investigation. It is recommended that two persons conduct the investigation. All information obtained should be discussed only with those that have a need to know.

E. REMEDIAL AND DISCIPLINARY ACTION

Heart and Hands of Compassion shall take remedial or disciplinary action as appropriate to ensure that harassment or discrimination does not reoccur. All remedial and disciplinary action shall comply with applicable state and federal laws, local ordinances, collective bargaining agreements, and, where applicable, Heart and Hands of Compassion policies and procedures. Heart and Hands of Compassion shall establish a remedial and disciplinary structure consistent with this policy.

1. **Employees.** If Heart and Hands of Compassion determines that an employee has violated this policy, Heart and Hands of Compassion shall take appropriate remedial or disciplinary action, including counseling, training, or disciplinary action including but not limited to: written reprimand, suspension or termination.
2. **Contractors.** If Heart and Hands of Compassion determines that a contractor has violated this policy, Heart and Hands of Compassion shall promptly notify the contract agency. The contract agency shall be responsible for taking appropriate remedial or disciplinary action involving their employees. If the same contract agency staff member or the same contract agency is involved in repeated violations of this policy, Heart and Hands of Compassion reserves the right to ban that contract agency staff member from working with Heart and Hands of Compassion and/or to terminate the contract with that agency.

3. **Volunteers.** If Heart and Hands of Compassion determines that a volunteer has violated this policy, Heart and Hands of Compassion shall take appropriate remedial or disciplinary action, including: counseling, training, or disciplinary action including but not limited to written reprimand, suspension, or termination.

F. REQUESTS FOR RECONSIDERATION AND APPEALS

To facilitate the delivery of requests for reconsideration and appeals, Heart and Hands of Compassion shall institute a procedure for reconsideration and appeals and Heart and Hands of Compassion shall prominently post this procedure.

G. RETALIATION

Retaliation against an individual for reporting harassment or discrimination under this policy or for participating in an investigation of a harassment or discrimination complaint is a violation of this policy and strictly prohibited. Any individual who retaliates against an individual for making a report or participating in any investigation under this policy will be subject to appropriate action and/or discipline, consistent with the remedial and disciplinary actions specified in this policy.

H. DUTY TO FOLLOW PROCEDURE

All Heart and Hands of Compassion employees are required to comply with this policy. Any employee who fails to comply with this policy may be subject to disciplinary action, up to and including termination of employment.

I. RIGHT TO FILE OTHER COMPLAINTS

This policy shall not alter or affect the right of any person to file a complaint alleging harassment or discrimination in state or federal court, to file a complaint with an appropriate governmental agency, or to consult with a private attorney or union representative.

IV. RECORD KEEPING

Heart and Hands of Compassion shall track all complaints made under this policy, whether sustained or not, as well as any remedial, disciplinary or other action taken for any violation of this policy.

V. NOTICE

Heart and Hands of Compassion shall provide notice of this policy to all officers, employees, contractors, subcontractors, and volunteers.

Heart and hands of Compassion shall prepare a one-page summary of the policy, and include the summary in the materials Heart and Hands of Compassion gives upon admission into Heart and Hands of Compassion. Heart and Hands of Compassion shall also post the one-page summary prominently in several places accessible in all facilities run by Heart and Hands of Compassion.

Heart and Hands of Compassion shall include a copy of this policy in its employee handbook and shall give a copy to all contractors and volunteers.

VI. TRAINING

Heart and Hands of Compassion shall develop age-appropriate methods of discussing the meaning and substance of this policy with employees, volunteers, and contractors to help prevent harassment and discrimination.

The training curriculum and educational materials developed under this policy shall (1) inform employees, contractors, and volunteers about the policy, and (2) raise awareness about different types of harassment and discrimination; how to prevent harassment and discrimination; and the devastating emotional consequences of harassment and discrimination.

VII. SEVERABILITY

The provisions of this policy shall be severable. If any provision or portion of this policy or its application to any person or circumstance is held invalid, the remainder of the policy or the application of the provision to other persons or circumstances is not affected.



Policy Against Harassment

HHC expects that all employees will treat each other with fairness and respect. Harassment on the basis of race, religion, color, gender, age, national origin or disability or as otherwise provided under state or local law, will not be tolerated and is strictly prohibited. Harassment of this type is illegal and contrary to the policy of **HHC**. The company strives to foster a work environment free of harassment, discrimination, intimidation and insult. Harassment is a form of misconduct that undermines both personal and professional relationships in the workplace. Every staff member must be assured that he or she can work in an environment that is free from unwanted and unwelcome harassment and discrimination.

Harassment creates unacceptable stress for the entire organization, adversely affecting morale, demeans the individual so treated, and could cause potentially devastating costs to the Company. The **HHC** believes that courteous, mutually respectful, pleasant, non-coercive interactions between employees will best serve the well-being of each individual and the **HHC**.

Any person who believes that he/she is the victim of any type of discriminatory conduct, should bring that conduct to the immediate attention of his/her supervisor, the Office Administrator or any member of management/board. The company will conduct a prompt and thorough investigation of all the circumstances surrounding the alleged incident in a confidential nature. If the investigation discloses that an individual has committed an act of discrimination, that individual will be subject to appropriate disciplinary action, up to and including termination. Retaliation in any form against an employee who complains of discrimination or harassment is strictly prohibited and will result in appropriate disciplinary action. Any supervisory employee to whom an employee brings a complaint of harassment but who fails to take appropriate action to resolve it will also be disciplined. See Anti-Harassment and Non-Discrimination Policy attached.

**Department of
Conservation and
Development**

30 Muir Road
Martinez, CA 94553-4601

Phone: 1-855-323-2626

**Contra
Costa
County**



Catherine Kutsuris
Director

Aruna Bhat
Deputy Director
Community Development Division

Jason Crapo
Deputy Director
Building Inspection Division

Steven Goetz
Deputy Director
Transportation, Conservation and
Redevelopment Programs

January 7, 2013

City of Vallejo
Attn: Guy L. Ricca
Senior Community Development Analyst
200 Georgia Street
Vallejo, CA 94590

Dear Mr. Ricca

Contra Costa County selected Heart and Hands of Compassion (HHC) in 2009 as one of four developers for its Neighborhood Stabilization Program (NSP). HHC has been an outstanding NSP developer. HHC has acquired and rehabilitated 19 homes. One home is in escrow, and all others sold quickly after completion. HHC completes these homes on time and within budget.

HHC adheres to federal requirements, and maintains accurate records. They submit all required reports when requested. Their competent staff's talent, dedication, and experience are evident in the quality of their work.

HHC has successfully realized our mutual goals in helping low income families obtain affordable housing in areas with high concentrations of foreclosed properties.

I highly recommend HHC for consideration. Please feel free to contact me at 925-674-7880.

Sincerely,

Kara Douglas
Affordable Housing Program Manager



January 3, 2013

RE: Heart and Hands of Compassion

To Whom It May Concern:

It has been my pleasure to have worked with Mr. and Mrs. Hodge and the folks at Heart and Hands of Compassion for the past three years with the City of Antioch's Neighborhood Stabilization Program (NSP1). They are extremely professional, responsive and responsible. They have assisted the city in its objective to bring qualified homeowners back into the neighborhoods hardest hit by foreclosure.

Heart and Hands has the expertise to take a problem property and using a reasonable approach to rehabilitation, turn the property into a very comfortable home for a family. They consider the long term upkeep of a home when rehabilitating it so the repairs are not just cosmetic. The new homebuyers are assured that they will not have a large out of pocket expenses related to home repair because those repairs were made by Heart and Hands prior to purchase.

Along with excellent construction skills, Heart and Hands has demonstrated an excellent understanding of the NSP program rules and regulations. They keep very accurate and complete records, which are available to the city whenever requested.

I am very happy to recommend Heart and Hands of Compassion. If you have any questions, or require additional information, please call me at 925.779.7013 or e mail to: housing@ci.antioch.ca.us.

Sincerely,

A handwritten signature in blue ink that reads 'Janet H. Kennedy'. The signature is fluid and cursive.

Janet H. Kennedy
Housing Consultant

Community Development Department

P.O. Box 5007 • 20011 Street • Antioch, CA 94531-5007 • Tel. 925.779.7035 • Fax. 925.779.2034 • www.ci.antioch.ca.us

Kara Douglas

Affordable Housing Program Manager
Contra Costa County
Department of Conservation and Development
2530 Arnold Drive, Suite 190
Martinez, CA 94553
Phone: 925-335-7223
Fax: 925-335-7201
Kara.Douglas@dcd.cccounty.us

Teri House

Housing Coordinator
City of Antioch
P.O. Box 5007
Antioch, CA 94531
Phone: 925-779-7037
CDBG@ci.antioch.ca.us

Wendy Mora

Senior Asset Manager
National Community Stabilization Trust
Phone: 214-710-3410
wmora@stabilizationtrust.com

THIS ENDORSEMENT CHANGES THE POLICY. PLEASE READ IT CAREFULLY.

**ADDITIONAL INSURED -
OWNERS, LESSEES OR CONTRACTORS -
SCHEDULED PERSON OR ORGANIZATION**

This endorsement modifies insurance provided under the following:

COMMERCIAL GENERAL LIABILITY COVERAGE PART

SCHEDULE

Name of Additional Insured Person(s) or Organization(s) (Additional Insured):	Location(s) of Covered Operations:
ALL PERSONS OR ORGANIZATIONS AS REQUIRED BY WRITTEN CONTRACT WITH THE INSURED This insurance is primary, any insurance maintained by the additional insured is excess and non-contributory.	

A. SECTION II - WHO IS AN INSURED is amended to include as an additional insured the person(s) or organization(s) shown in the Schedule for whom you are performing operations when you and such person or organization have agreed in writing in a contract or agreement that such person or organization be added as an additional insured on your policy. Such person or organization is an additional insured only with respect to liability for "bodily injury", "property damage" or "personal and advertising injury" caused, in whole or in part, by:

1. Your acts or omissions, or
2. The acts or omissions of those acting on your behalf;

in the performance of your ongoing operations for the additional insured(s) at the location(s) designated above.

A person's or organization's status as an additional insured under this endorsement ends when your operations for that additional insured are completed.

B. With respect to the insurance afforded to these additional insureds, the following additional exclusions apply:

This insurance does not apply to:

Additional Insured Contractual Liability

"Bodily injury" or "property damage" for which the additional insured(s) are obligated to pay damages by reason of the assumption of liability in a contract or agreement.

Finished Operations or Work

"Bodily injury" or "property damage" occurring after:

1. All work, including materials, parts or equipment furnished in connection with such work, on the project (other than service, maintenance or repairs) to be performed by or on behalf of the additional insured(s) at the location of the covered operations has been completed; or
2. That portion of "your work" out of which the injury or damage arises has been put to its intended use by any person or organization

Negligence of Additional Insured

"Bodily injury" or "property damage" arising directly or indirectly out of the negligence of the additional insured(s)

ALL OTHER TERMS AND CONDITIONS OF THE POLICY REMAIN UNCHANGED.