

**EDEN HOUSING, INC.  
AND AFFILIATES**

**COMBINED FINANCIAL STATEMENTS  
AND  
INDEPENDENT AUDITOR'S REPORT**

**YEARS ENDED DECEMBER 31, 2018 AND 2017**

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED FINANCIAL STATEMENTS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

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Eden Housing, Inc. and Affiliates  
Hayward, California

### INDEPENDENT AUDITOR’S REPORT

#### Report on the Financial Statements

We have audited the accompanying combined financial statements of Eden Housing, Inc., a California nonprofit public benefit corporation, and Affiliates, which comprise the combined statements of financial position as of December 31, 2018 and 2017, and the related combined statements of activities, functional expenses, and cash flows for the years then ended, and the related notes to the combined financial statements.

#### Management’s Responsibility for the Financial Statements

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

#### Auditor’s Responsibility

Our responsibility is to express an opinion on these combined financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to Eden Housing, Inc. and Affiliates’ preparation and fair presentation of the combined 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 Eden Housing, Inc. and Affiliates’ 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 combined 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, based on our audits, the combined financial statements referred to above present fairly, in all material respects, the financial position of Eden Housing, Inc. and Affiliates as of December 31, 2018 and 2017, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 2 to the combined financial statements, Eden Housing, Inc. and Affiliates adopted new accounting guidance required by accounting principles generally accepted in the United States of America and changed their classification of net assets and enhanced their presentation of functional expenses and disclosures about net assets and liquidity in Notes 2 and 15. The change in accounting principle has been applied retrospectively to the prior period presented. Our opinion is not modified with respect to this matter.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the basic combined financial statements taken as a whole. The accompanying supplementary information on pages 37 through 61 is presented for purposes of additional analysis rather than to present the financial position, changes in net assets, and cash flows of the individual entities, and is not a required part of the basic combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the combined financial statements or to the combined financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects, in relation to the combined financial statements as a whole.

Report on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued a report dated June 28, 2019 on our consideration of Eden Housing, Inc. and Affiliates' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Eden Housing, Inc. and Affiliates' internal control over financial reporting and compliance.

*Lindquist, von Husen and Joyce LLP*

June 28, 2019

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF FINANCIAL POSITION  
 DECEMBER 31, 2018 AND 2017

	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 54,852,029	\$ 46,898,102
Investments in marketable securities (Note 3)	38,097,636	24,748,590
Impound deposits	2,142,013	1,736,048
Receivables, net – current portion (Note 5)	1,243,574	5,517,452
Prepaid expenses and other receivables	1,153,836	954,014
Total current assets	97,489,088	79,854,206
Restricted cash (Note 4)	113,898,887	126,609,936
Receivables, net – net of current portion (Note 5)	5,594,134	4,519,105
Notes and interest receivable (Note 6)	5,902,098	1,076,158
Grants and contributions receivable	1,552,636	311,249
Investments in other companies (Note 7)	240,893	350,000
Development in progress (Note 8)	19,697,930	52,231,298
Property and equipment, net (Note 9)	1,585,303,148	1,425,808,337
Deferred costs, net (Note 10)	5,612,759	5,895,882
Total assets	\$ 1,835,291,573	\$ 1,696,656,171
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 8,417,781	\$ 7,366,797
Deferred revenue	1,357,667	1,606,746
Line of credit (Note 11)	1,500,000	-
Interest payable – current portion (Note 12)	2,523,039	2,295,806
Notes payable – current portion (Note 12)	12,595,896	9,814,361
Total current liabilities	26,394,383	21,083,710
Accounts payable – development	14,755,254	19,680,572
Tenant security deposits	5,740,873	5,462,909
Interest payable – net of current portion (Note 12)	101,376,798	91,010,612
Notes payable – net of current portion (Note 12)	1,167,163,150	1,153,692,884
Total liabilities	1,315,430,458	1,290,930,687
Net assets:		
Without donor restrictions:		
Controlling interest	71,770,694	59,499,830
Controlling interest – board-designated funds (Note 13)	39,575,769	33,805,585
Non-controlling interest	404,795,332	308,700,749
Total without donor restrictions	516,141,795	402,006,164
With donor restrictions – controlling interest (Notes 13 and 14)	3,719,320	3,719,320
Total net assets	519,861,115	405,725,484
Total liabilities and net assets	\$ 1,835,291,573	\$ 1,696,656,171

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF ACTIVITIES  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:			
Rental income	\$ 126,684,546	\$ -	\$ 126,684,546
Developer fees	82,101	-	82,101
Management and resident services fees	416,134	-	416,134
Ground lease income	120,061	-	120,061
Grants and contributions	8,277,908	-	8,277,908
Interest income and net investment return	418,218	-	418,218
Pass-through loss from equity method investments	(89,437)	-	(89,437)
Other income	2,767,416	-	2,767,416
Total support and revenue	<u>138,676,947</u>	<u>-</u>	<u>138,676,947</u>
Expenses:			
Program expenses:			
Affordable housing ownership and operations	74,727,765	-	74,727,765
Affordable housing property management	6,020,249	-	6,020,249
Affordable housing resident services	4,280,845	-	4,280,845
Supporting services:			
Management and general	5,890,285	-	5,890,285
Total expenses	<u>90,919,144</u>	<u>-</u>	<u>90,919,144</u>
Changes in net assets before other income (expenses)	<u>47,757,803</u>	<u>-</u>	<u>47,757,803</u>
Other income (expenses):			
Income from property acquisitions	2,874,391	-	2,874,391
Forgiveness of debt	1,520,000	-	1,520,000
Deferred interest expense	(23,267,618)	-	(23,267,618)
Depreciation and amortization	(47,289,621)	-	(47,289,621)
Total other income (expenses)	<u>(66,162,848)</u>	<u>-</u>	<u>(66,162,848)</u>
Change in net assets	(18,405,045)	-	(18,405,045)
Net assets, beginning of year	402,006,164	3,719,320	405,725,484
Capital contributions, net of distributions – non-controlling interest	<u>132,540,676</u>	<u>-</u>	<u>132,540,676</u>
Net assets, end of year	<u>\$ 516,141,795</u>	<u>\$ 3,719,320</u>	<u>\$ 519,861,115</u>

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
COMBINED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

Reconciliation of net assets:	
Controlling interest:	
Beginning of year	\$ 97,024,735
Change in net assets	<u>18,041,048</u>
End of year	<u>115,065,783</u>
Non-controlling interest:	
Beginning of year	308,700,749
Capital contributions, net of distributions	132,540,676
Change in net assets	<u>(36,446,093)</u>
End of year	<u>404,795,332</u>
Net assets, end of year	<u><u>\$ 519,861,115</u></u>

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF ACTIVITIES  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:			
Rental income	\$ 115,150,911	\$ -	\$ 115,150,911
Developer fees	1,950,645	-	1,950,645
Management and resident services fees	592,381	-	592,381
Ground lease income	638,617	-	638,617
Grants and contributions	3,869,551	-	3,869,551
Interest income and net investment return	1,307,197	-	1,307,197
Other income	2,415,728	-	2,415,728
Total support and revenue	<u>125,925,030</u>	<u>-</u>	<u>125,925,030</u>
Expenses:			
Program expenses:			
Affordable housing ownership and operations	79,352,130	-	79,352,130
Affordable housing property management	4,024,864	-	4,024,864
Affordable housing resident services	4,099,905	-	4,099,905
Supporting services:			
Management and general	2,802,159	-	2,802,159
Total expenses	<u>90,279,058</u>	<u>-</u>	<u>90,279,058</u>
Changes in net assets before other income (expenses)	<u>35,645,972</u>	<u>-</u>	<u>35,645,972</u>
Other income (expenses):			
Income from property acquisitions	1,467,033	-	1,467,033
Forgiveness of debt	1,005,453	-	1,005,453
Deferred interest expense	(11,246,492)	-	(11,246,492)
Depreciation and amortization	(43,845,478)	-	(43,845,478)
Total other income (expenses)	<u>(52,619,484)</u>	<u>-</u>	<u>(52,619,484)</u>
Change in net assets	(16,973,512)	-	(16,973,512)
Net assets, beginning of year	373,547,580	3,719,320	377,266,900
Non-controlling interest in projects transferred from non-affiliate	1,701,136	-	1,701,136
Capital contributions, net of distributions – non-controlling interest	<u>43,730,960</u>	<u>-</u>	<u>43,730,960</u>
Net assets, end of year	<u>\$ 402,006,164</u>	<u>\$ 3,719,320</u>	<u>\$ 405,725,484</u>

*The accompanying notes are an integral part of these financial statements.*



EDEN HOUSING, INC. AND AFFILIATES  
COMBINED STATEMENTS OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

Reconciliation of net assets:	
Controlling interest:	
Beginning of year	\$ 83,709,995
Change in net assets	<u>13,314,740</u>
End of year	<u>97,024,735</u>
Non-controlling interest:	
Beginning of year	293,556,905
Non-controlling interest in projects transferred from non-affiliate	1,701,136
Capital contributions, net of distributions	43,730,960
Change in net assets	<u>(30,288,252)</u>
End of year	<u>308,700,749</u>
Net assets, end of year	<u><u>\$ 405,725,484</u></u>

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018						
	<i>Affordable Housing Development</i>	<i>Affordable Housing Ownership and Operations</i>	<i>Affordable Housing Management</i>	<i>Affordable Housing Resident Services</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Total</i>
Grants and other assistance to organizations	\$ 359,664	\$ -	\$ 52,424	\$ -	\$ 412,088	\$ -	\$ 412,088
Grants and other assistance to individuals	71,961	-	-	-	71,961	-	71,961
Salaries and wages	3,183,643	11,761,485	4,195,925	1,861,843	21,002,896	3,689,892	24,692,788
Pension plan accruals and contributions	109,732	410,879	138,599	65,994	725,204	152,815	878,019
Other employee benefits	225,054	1,807,072	467,267	209,221	2,708,614	637,550	3,346,164
Payroll taxes	230,641	936,238	322,837	160,878	1,650,594	239,305	1,889,899
Management fees	-	481,096	-	-	481,096	-	481,096
Legal fees	26,138	445,628	8,894	-	480,660	150,855	631,515
Accounting fees	130,410	1,524,221	4,200	4,100	1,662,931	154,309	1,817,240
Other fees for services	449,047	616,637	498,111	43,037	1,606,832	654,099	2,260,931
Advertising and promotion	454	439,458	4,641	-	444,553	-	444,553
Office expenses	5,705	3,325,644	6,724	3,453	3,341,526	599,905	3,941,431
Information technology	833	969,975	2,667	44,492	1,017,967	181,596	1,199,563
Occupancy: utilities	-	10,005,231	-	-	10,005,231	40,191	10,045,422
Occupancy: repairs and maintenance	7,375	15,514,708	-	-	15,522,083	46,134	15,568,217
Occupancy: real estate taxes	-	1,609,804	-	-	1,609,804	1,037	1,610,841
Occupancy: property and liability insurance	-	2,717,065	-	65	2,717,130	7,379	2,724,509
Travel	63,183	98,960	214,010	67,959	444,112	73,878	517,990
Conferences, conventions and meetings	56,143	100,228	73,167	27,158	256,696	391,431	648,127
Other insurance	11,261	919,836	25,274	6,984	963,355	14,453	977,808
Social services	-	240,072	-	1,767,818	2,007,890	-	2,007,890
Mortgage interest	163,887	18,729,888	-	-	18,893,775	-	18,893,775
Ground lease	-	543,919	-	-	543,919	-	543,919
Other	-	1,529,721	5,509	17,843	1,553,073	129,451	1,682,524
Capitalized salaries and project costs	(5,095,131)	-	-	-	(5,095,131)	(1,273,995)	(6,369,126)
Total expenses reported by function on the combined statement of activities	-	74,727,765	6,020,249	4,280,845	85,028,859	5,890,285	90,919,144
Other expenses:							
Deferred interest expense	-	23,267,618	-	-	23,267,618	-	23,267,618
Depreciation and amortization	255,576	47,015,920	11,713	6,412	47,289,621	-	47,289,621
Total expenses	\$ 255,576	\$ 145,011,303	\$ 6,031,962	\$ 4,287,257	\$ 155,586,098	\$ 5,890,285	\$ 161,476,383

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF FUNCTIONAL EXPENSES  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017						
	<i>Affordable Housing Development</i>	<i>Affordable Housing Ownership and Operations</i>	<i>Affordable Housing Management</i>	<i>Affordable Housing Resident Services</i>	<i>Total Program Services</i>	<i>Management and General</i>	<i>Total</i>
Grants and other assistance to organizations	\$ 25,408	\$ 450,229	\$ -	\$ -	\$ 475,637	\$ 43,286	\$ 518,923
Grants and other assistance to individuals	-	4,500	-	-	4,500	67,528	72,028
Salaries and wages	3,365,636	9,972,051	2,796,170	1,654,830	17,788,687	2,878,844	20,667,531
Pension plan accruals and contributions	118,490	416,039	74,398	49,868	658,795	106,854	765,649
Other employee benefits	308,629	1,555,965	406,626	200,927	2,472,147	285,866	2,758,013
Payroll taxes	223,677	896,567	210,727	141,274	1,472,245	173,313	1,645,558
Management fees	-	593,730	-	-	593,730	-	593,730
Legal fees	5,465	336,323	-	-	341,788	72,660	414,448
Accounting fees	900	1,557,605	7,148	7,948	1,573,601	448,602	2,022,203
Other fees for services	1,178,950	273,752	45,605	72,643	1,570,950	324,217	1,895,167
Advertising and promotion	-	12,345	425	-	12,770	-	12,770
Office expenses	120,804	2,909,335	158,941	19,399	3,208,479	342,530	3,551,009
Information technology	60,106	1,076,102	57,614	14,299	1,208,121	34,145	1,242,266
Occupancy: utilities	12,413	10,266,459	11,742	2,013	10,292,627	6,542	10,299,169
Occupancy: repairs and maintenance	15,715	13,430,222	14,866	2,548	13,463,351	8,282	13,471,633
Occupancy: real estate taxes	-	2,195,807	-	-	2,195,807	356	2,196,163
Occupancy: property and liability insurance	2,033	2,166,007	10,757	1,249	2,180,046	3,509	2,183,555
Travel	62,537	85,094	109,247	33,368	290,246	69,132	359,378
Conferences, conventions and meetings	17,437	54,432	17,047	11,997	100,913	165,210	266,123
Other insurance	13,783	1,026,832	26,403	-	1,067,018	56,793	1,123,811
Social services	-	304,682	-	1,886,186	2,190,868	-	2,190,868
Mortgage interest	53,110	24,557,039	-	-	24,610,149	-	24,610,149
Ground lease	6,724	485,240	-	-	491,964	-	491,964
Other	-	4,725,773	77,148	1,356	4,804,277	230,827	5,035,104
Capitalized salaries and project costs	(5,591,817)	-	-	-	(5,591,817)	(2,516,337)	(8,108,154)
Total expenses reported by function on the consolidated statement of activities	-	79,352,130	4,024,864	4,099,905	87,476,899	2,802,159	90,279,058
Other expenses:							
Termination of ground lease	1,261,519	(1,261,519)	-	-	-	-	-
Deferred interest expense	348,792	10,897,700	-	-	11,246,492	-	11,246,492
Depreciation and amortization	269,911	43,551,174	16,084	8,309	43,845,478	-	43,845,478
Total expenses	\$ 1,880,222	\$ 132,539,485	\$ 4,040,948	\$ 4,108,214	\$ 142,568,869	\$ 2,802,159	\$ 145,371,028

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ (18,405,045)	\$ (16,973,512)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation and amortization	47,289,622	43,845,478
Amortization of debt issuance costs	3,284,289	1,653,810
Net realized and unrealized gain on investments	(13,460)	(928,643)
Forgiveness of notes and interest payable	(1,520,000)	(1,005,453)
(Increase) decrease in assets:		
Impound deposits	(405,965)	647,594
Receivables	3,140,174	(5,622,869)
Grants and contributions receivable	(1,241,387)	533,489
Prepaid expenses and other receivables	(199,782)	(1,199,613)
Tenant security deposits – cash	(340,410)	(20,549)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	1,057,300	1,072,404
Deferred revenue	(249,079)	(156,014)
Tenant security deposits – liability	277,964	27,755
Interest payable	9,892,547	14,025,089
	42,566,768	35,898,966
Cash flows from investing activities:		
Net (increase) decrease in restricted cash	25,047,160	(30,861,219)
Net increase in investments in marketable securities	(13,335,586)	(8,654,525)
Net (increase) decrease in investments in related-parties and other companies	(25,000)	9,542
Net (increase) decrease in notes receivable	(4,825,940)	9,718,255
Purchase of property and equipment and net increase in development in progress	(156,750,984)	(121,662,323)
Net increase in deferred costs	(51,272)	(286,807)
	(149,941,622)	(151,737,077)

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINED STATEMENTS OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from financing activities:		
Advances from line of credit	2,000,000	3,379,953
Payment of line of credit	(500,000)	(5,694,847)
Capital contributions – non-controlling interest	121,191,115	37,122,041
Payment of syndication costs	(474,664)	(1,228,930)
Payment of debt issuance costs	(6,585,247)	(3,112,827)
Payment of mortgages and notes payable	(242,969,541)	(127,988,071)
Proceeds from long-term debt	242,667,118	218,554,924
Net cash provided by financing activities	115,328,781	121,032,243
Net increase in cash and cash equivalents	7,953,927	5,194,132
Cash and cash equivalents, beginning of year	46,898,102	41,703,970
Cash and cash equivalents, end of year	\$ 54,852,029	\$ 46,898,102
Supplementary information:		
Cash paid for interest – net of capitalized portion	\$ 30,477,350	\$ 26,019,011
Noncash investing and financing activity:		
Non-controlling interest in projects transferred from non-affiliate	\$ -	\$ 1,701,136

*The accompanying notes are an integral part of these financial statements.*

EDEN HOUSING, INC. AND AFFILIATES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

**NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES**

**Eden Housing, Inc. (EHI)** was formed as a California nonprofit public benefit corporation in 1968. Its mission is to build and maintain high-quality, well-managed, service-enhanced affordable housing communities that meet the needs of lower income families, seniors and persons with disabilities. Affordable housing includes multi-family rental housing, co-ops and supportive housing. EHI has developed, rehabilitated or acquired over 140 affordable housing communities and 10,400 units for these purposes across 15 California counties.

In addition to serving as project developer, EHI directly owns three affordable housing properties known as Del Nido, Grove Way, and 10<sup>th</sup> & D, which provide housing for low- and moderate-income individuals and families. Del Nido is owned by Eden Del Nido LLC, of which EHI is the sole member.

EHI also holds managing member interests in LLCs holding title to land. EHI holds a 60% managing member interest in Light Tree Land LLC, which owns land in East Palo Alto, CA leased to an affiliate that provides affordable housing. EHI holds a 75% managing member interest in Eden Pratt Development LLC, which completed purchase of land in Mountain View, CA in January 2018 that is anticipated to be developed into affordable housing.

EHI is affiliated with and under common board control with other not-for-profit corporations which have been formed either as supporting entities to EHI, or as instruments to further EHI’s organizational objectives. These entities, which are included in the combined financial statements of EHI in accordance with accounting principles generally accepted in the United States of America (GAAP), are:

- **Eden Housing Management, Inc. (EHMI)** provides property management services in connection with the operations of affordable housing and elderly housing projects. EHMI currently provides property management services for over 9,100 units.
- **Eden Housing Resident Services, Inc. (EHRSI)** develops and supports viable social services to the projects’ residents.
- **Eden Investments, Inc. (EII)** forms and controls limited partnerships that own affordable housing properties. Most of the limited partnerships participate in the Low-Income Housing Tax Credit program described in Section 42 of the Internal Revenue Code. EII is the managing general partner of the limited partnerships. Since EII controls each entity as defined by GAAP, the entities are consolidated in these financial statements and include:

<i>General Partner (If LLC, controlled by EII)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Antioch Eden Rivertown LLC	Antioch Eden Rivertown, L.P.	Rivertown Place
Brentwood Senior Housing LLC	Brentwood Senior Commons, L.P.	Brentwood Senior
Catalonia Two LLC	Catalonia Two, L.P.	Catalonia
CHHP LLC	CHHP, L.P.	Cypress Glen/Harris Court/Huntwood Commons
Connell Apartments LLC	Connell Apartments, L.P.	Connell
CRWC LLC	CRWC, L.P.	Corona Ranch/Washington Creek
Downtown River LLC	Downtown River Associates, L.P.	Downtown River
Dublin Senior LLC	Dublin Senior Limited Partnership	Wicklow Square
Eden 819 North Rengstorff Studios LLC	819 North Rengstorff Studio Apartments, L.P.	819 North Rengstorff Studios
Eden Altenheim I LLC	Historic Altenheim Partners, L.P.	Altenheim I
Eden Arroyo Vista LLC	Eden Arroyo Vista Associates, L.P.	Arroyo Vista
Eden Baywood Apartments LLC	Eden Baywood Apartments, L.P.	Eden Baywood
Eden Brookwood LLC	N/A	N/A
Eden Coronado Terrace GP LLC	Eden Coronado Terrace LP	N/A
Eden Coronado Terrace GP LLC	Eden Coronado Terrace 2, L.P.	Coronado Terrace
Eden Cril LLC	EHP EC Magnolia, L.P.	EC Magnolia

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<i>General Partner (If LLC, controlled by EII)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Eden Cril LLC	EHP Olive Tree Plaza, L.P.	Olive Tree Plaza
Eden Cril LLC	EHP Redwood Lodge, L.P.	Redwood Lodge
Eden Dougherty LLC	Eden Dougherty, L.P.	Wexford Way/Carlow Court
Eden Faith Manor LLC	N/A	N/A
Eden Ford Family LLC	Ford Road Family Housing, L.P.	Ford Road Plaza
Eden Investments, Inc.	Ashland Village Apartments, L.P.	Ashland Village
Eden Investments, Inc.	Eden Rivertown Limited Partnership	West Rivertown
Eden Investments, Inc.	Eden Victoria Limited Partnership	Victoria Green
Eden Investments, Inc.	Eden Woodside Court, L.P.	Woodside Court
Eden Investments, Inc.	EHP Fuller Lodge, L.P.	Fuller Lodge
Eden Investments, Inc.	EHP Issei Terrace, L.P.	Eden Issei
Eden Investments, Inc.	EHP Sequoia Manor, L.P.	Sequoia Manor
Eden Investments, Inc.	Fireside Affordable Housing Associates	Fireside
Eden Investments, Inc.	Lafayette Senior, L.P.	Belle Terre
Eden Investments, Inc.	New Altheim Partners, L.P.	Altheim II
Eden Investments, Inc.	Palo Alto Family, L.P.	801 Alma
Eden Investments, Inc.	Quail Run Alameda County L.P.	Quail Run 2
Eden Investments, Inc.	Southport Yolo L.P.	Savannah at Southport
Eden Investments, Inc.	Warner Creek Senior Housing, L.P.	Warner Creek
Eden Lodge LLC	Eden Lodge, L.P.	Eden Lodge
Eden Orvieto LLC	N/A	N/A
Eden Sereno LLC	Sereno Village Associates	Sereno Village
Eden South Hayward LLC	Eden South Hayward, L.P.	Alta Mira
Eden Surf LLC	Eden Surf Associates, L.P.	Surf Apartments
Eden-Sycamore LLC	Eden-Sycamore, L.P.	Samara Terrace
Eden Vista Terrace GP LLC	Eden Vista Terrace 2, L.P.	Vista Terrace
Eden Windscape LLC	Reseda Boulevard Associates	Windscape
GBGEH LLC	GBGEH, L.P.	Glen Berry/Glen Eden
Grand/C LLC	Grand/C Limited Partnership	Hayward Senior
Healdsburg Family LLC	Healdsburg Family, L.P.	Foss Creek
Leidig Court LLC	N/A	Leidig Court
LPSL LLC	LPSL, L.P.	Las Palmas
Mission Court MGP LLC	Mission Court Four, L.P.	Pauline Weaver Senior Apartments
	Mission Court Nine, L.P.	
	Santa Rosa Housing Partners Limited Partnership	
Quail Run Eden, LLC		Quail Run
Redwoods Wheeler LLC	Redwoods Wheeler, L.P.	Redwoods/Wheeler Manor
Saklan Avenue LLC	Saklan Avenue Limited Partnership	Walker Landing
Sara Conner Court LLC	Sara Conner Court, L.P.	Sara Conner Court
Stone Pine Meadow Two LLC	Stone Pine Meadow Two, L.P.	N/A
Stoney Creek Two LLC	Stoney Creek Two, L.P.	Stoney Creek
Tennyson Gardens, LLC	Tennyson Preservation Limited Partnership	N/A
Tienda Drive Senior Apartments LLC	Tienda Drive Senior Apartments, L.P.	Cranes Landing
Villa Springs LLC	Villa Springs Apartments, L.P.	Villa Springs
Warm Springs Village Four GP, LLC	Warm Springs Village Four, L.P.	N/A
Warm Springs Village Nine GP, LLC	Warm Springs Village Nine, L.P.	N/A

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- **Eden Development, Inc. (EDI)** is a multi-county Community Housing Development Organization (CHDO) serving Alameda, Contra Costa, San Joaquin, and San Mateo Counties. A CHDO is a private nonprofit, community-based organization that has staff with the capacity to develop affordable housing for the community it serves. In order to qualify for the designation as a CHDO, the organization must meet certain requirements pertaining to their legal status, organization structure, capacity, and experience. EDI is the managing general partner of limited partnerships that are included in these financial statements:

<i>General Partner (If LLC, controlled by EDI)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Alameda Point Family LLC	Alameda Point Family, L.P.	N/A
Alameda Point Senior LLC	Alameda Point Senior, L.P.	N/A
Dublin Family LLC	Dublin Family, L.P.	Valor Crossing
EB LLC	EB, L.P.	East Bluff
El Cerrito Senior LLC	El Cerrito Senior, L.P.	Hana Gardens
Eden Development, Inc.	B Grand, L.P.	Weinreb Place
Eden Development, Inc.	Catalonia Associates	N/A
Eden Development, Inc.	Estabrook Senior Housing, L.P.	Estabrook Place
Eden Development, Inc.	Hillview Glen Housing Partners, L.P.	Hillview Glen
Eden Development, Inc.	Peralta Seniors, L.P.	Cottonwood
Eden Development, Inc.	Union Court Limited Partnership	Union Court
Gotta Have Faith LLC	Gotta Have Faith LP	Faith Manor/Tennyson Gardens
Irwin Way LLC	Irwin Way Limited Partnership	Monteverde Senior
Light Tree Two LLC	Light Tree Two, L.P.	N/A
Light Tree Three LLC	Light Tree Three, L.P.	N/A
Montgomery Plaza LLC	Montgomery Plaza, L.P.	Montgomery Plaza
New Del Nido LLC	New Del Nido, L.P.	N/A
Ruby Street LLC	Ruby Street, L.P.	N/A
San Leandro Parrott LLC	San Leandro Parrott, L.P.	N/A
Santa Rosa Quail Run LLC	Santa Rosa Quail Run, L.P.	N/A
VL LLC	VL, L.P.	Virginia Lane

- **Eden South Bay, Inc. (ESBI)** is a CHDO formed pursuant to an agreement between EHI and South County Housing Corporation (SCHC) to preserve SCHC’s rental portfolio and to continue to have a community-based presence in Monterey, San Benito, Santa Clara, and Santa Cruz Counties. ESBI is the managing general partner or member of limited partnerships or LLCs, respectively, that are included in these financial statements:

<i>General Partner/Owner (If LLC, controlled by ESBI)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Camphora LLC	Camphora Associates, L.P.	Camphora
Corralitos Creek Apartments LLC	Corralitos Creek Associates	Corralitos Creek
Crest Avenue Housing LLC	Crest Avenue Associates, L.P.	Crest Avenue
Depot Commons LLC	N/A	Depot Commons
Depot Willows LLC	Depot Willows, L.P.	N/A
Gateway Palms LLC	Gateway Palms Associates, L.P.	Gateway Palms
Gilroy Sobrato Studios LLC	N/A	Gilroy Sobrato
Jasmine Square LLC	Church & Monterey Road Associates	Jasmine Square
MRW GP LLC	MRW, L.P.	Monterra Village
Pacific Terrace Apartments LLC	Pacific Terrace Associates	Pacific Terrace
Royal Court Housing LLC	Royal Court Associates	Royal Court
Skeels Hotel LLC	N/A	Skeels Hotel
Skeels Villa LLC	Skeels Villa, L.P.	N/A
	Gilroy Transitional Housing Center	
Sobrato Transitional LLC	Associates	Sobrato Family
University Village LLC	University Village Associates	University Village



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<i>General Partner/Owner (If LLC, controlled by ESBI)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Villa Ciolino LLC	Villa Ciolino Associates	Villa Ciolino
Vista Point LLC	Jewell Avenue Associates	Vista Point
Vista Verde LLC	Vista Verde Housing Associates	Vista Verde

- **Eden South County, Inc. (ESCI)** was formed pursuant to an agreement between EHI and South County Housing Corporation (SCHC) to preserve SCHC’s rental portfolio. ESCI is the managing general partner or member of limited partnerships or LLCs, respectively, that are included in these financial statements:

<i>General Partner/Owner (If LLC, controlled by ESCI)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Aspen Grove Apartments LLC	N/A	Aspen Grove
Aspen Maple Trees LLC	N/A	N/A
Charles Cypress LLC	Charles Cypress, L.P.	Charles Apartments/Cypress Gardens
Connell LLC	N/A	N/A
Cypress Gardens LLC	N/A	N/A
Eden Redwoods LLC	N/A	N/A
Jardines LLC	N/A	Jardines de Boronda
Lincoln Meadows LLC	N/A	Lincoln Square
Maple Gardens Apartments LLC	N/A	Maple Gardens
Monticelli LLC	Monticelli Housing Associates	Monticelli
Nuevo Amanecer LLC	Salinas Road Associates	Nuevo Amanecer
Nuevo Sol LLC	N/A	Nuevo Sol/Barson Street
Pacific Family MHP LLC	Pacific Family	Pacific Family Mobile Home Park
Pajaro Court LLC	N/A	Pajaro Court
Pleasant Acres MHP LLC	N/A	Pleasant Acres Mobile Home Park
Rancho Rustic LLC	Rancho Rustic, L.P.	Rancho Park/Rustic Gardens
Riverside MHP LLC	N/A	Riverside Mobile Home Park
Seacliff Highlands Apartments LLC	Seacliff Highlands Associates	Seacliff Highlands
The Trees Apartments LLC	N/A	The Trees
Tierra Linda LLC	Tierra Linda Associates	Tierra Linda
Vista Verde Childcare LLC	N/A	Vista Verde Childcare
Westside Terrace Housing LLC	N/A	Westside Terrace
Wheeler Manor LLC	N/A	N/A
Willows LLC	Edmundson Associates	The Willows

- **Eden Vacaville Housing, Inc. (EVHI)** was formed pursuant to an agreement between EHI and Vacaville Community Housing, Inc. (VCH) to take over the ownership of VCH’s rental portfolio and to continue to have a community-based presence in the region served by VCH. EVHI is the managing general partner or member of the following limited partnerships or LLCs, respectively, that are included in these financial statements:

<i>General Partner (If LLC, controlled by EVHI)</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Eden Meadows Holly LLC	N/A	N/A
Eden VCH LLC	N/A	Willows/ Highlands/ Hillside/ Orchard Maples
Eden Trower Housing LLC	N/A	N/A

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- **Baywood Apartments, Inc. (BAI)**, serves as an interim limited partner when a buy out of a third-party investor limited partner occurs. It also serves as a permanent managing general partner of Livermore Housing Associates, which owns an affordable housing community known as Owl’s Landing. BAI is also the limited partner of the following limited partnerships that are controlled by other EHI affiliates and included in these financial statements:

*Limited Partnerships*

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Alameda Point Family, L.P.	Monticelli Housing Associates
Alameda Point Senior, L.P.	New Del Nido, L.P.
Catalonia Associates	Pacific Terrace Associates
Chynoweth Housing Associates	Reseda Boulevard Associates
Corralitos Creek Associates	Ridge View Commons Associates
Depot Willows, L.P.	Riverhouse Associates
Downtown River Associates, L.P.	Ruby Street, L.P.
Eden Arroyo Vista Associates, L.P.	San Leandro Parrott, L.P.
Eden Coronado Terrace LP	Santa Rosa Housing Partners Limited Partnership
Eden Palms Associates	Santa Rosa Quail Run, L.P.
Eden Rivertown Limited Partnership	Seacliff Highlands Associates
Eden Surf Associates, L.P.	Sereno Village Associates
Eden Victoria Limited Partnership	Skeels Villa, L.P.
Eden-Sycamore, L.P.	SPM Housing Associates
Edmundson Associates	Stone Pine Meadow Two, L.P.
Hillview Glen Housing Partners, L.P.	Tennyson Preservation Limited Partnership
Light Tree Housing Partners	Tierra Linda Associates
Light Tree Two, L.P.	Union Court Limited Partnership
Light Tree Three, L.P.	Villa Ciolino Associates

- **Eden Commercial, Inc. and Rengstorff Commercial, Inc.** (as member of Rengstorff Commercial LLC) operate commercial space developed in conjunction with affordable housing projects.
- **Stevenson Land Corporation** owns a 4.1 acre parcel of land in Fremont with a 99 year ground lease to Park Vista Apartments, an affordable housing complex owned by an unrelated third-party. Payments on the lease are returned to the City of Fremont to pay down the related land loan with the City.
- **Peralta Mixed-Use Association**, a not-for-profit mutual benefit corporation, is a condominium management association providing management and maintenance of the common area owned by the members. The members of the common interest development include an affiliate providing affordable housing, and the other member is a third-party providing commercial health services.
- **Single-purpose not-for-profit corporations** that are direct owners of affordable housing properties, or hold a controlling general partner interest in their respective limited partnerships providing affordable housing. Most of the properties receive financing from the U.S. Department of Housing and Urban Development (HUD), and include:

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<i>General Partner/Owner</i>	<i>Limited Partnership</i>	<i>Property Name</i>
California Preservation, Inc.	Josephine Lum Lodge, L.P.	Josephine Lum Lodge
Catalonia, Inc./Eden Cambrian LLC	Eden Cambrian, L.P.	Cambrian Center
CDLA, Inc.	N/A	Casa De Los Amigos
Central Valley Senior Housing Corporation	N/A	Almond Court
Charles Apartments Housing Corporation	N/A	N/A
Chynoweth Housing, Inc.	Chynoweth Housing Associates	Ohlone Chynoweth

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<i>General Partner/Owner</i>	<i>Limited Partnership</i>	<i>Property Name</i>
Contra Costa County Housing Corporation	N/A	Emerson Arms
Corona Crescent, Inc.	N/A	N/A
Corona/Ely Ranch, Inc.	N/A	N/A
EC Magnolia Court, Inc.	N/A	N/A
Eden Alvarado Niles, Inc.	N/A	Rosewood Terrace
Eden/Hope Villa Esperanza, Inc.	N/A	Villa Esperanza
Eden Issei Housing, Inc.	N/A	N/A
Eden Palms, Inc.	Eden Palms Associates	Eden Palms
Ellis Lake Townhomes, Inc.	Riverhouse Associates	Riverhouse Hotel
Ford Road Supportive Housing, Inc.	N/A	Ford Road Plaza
Fuller Lodge, Inc.	N/A	N/A
Gardella Plaza, Inc.	N/A	Vandenburgh Villa
Light Tree Housing Corporation	Light Tree Housing Partners	Light Tree
Manteca Senior Housing Corporation	N/A	Almond Terrace
Monterey Road Supportive Housing Corporation	N/A	Edenvale
Pacific Grove Supportive Housing, Inc.	N/A	Pacific Grove
Peace Grove, Inc.	N/A	Kirker Court
RVC Investments, Inc.	Ridge View Commons Associates	Ridgeview Commons
San Leandro Supportive Housing, Inc.	N/A	Fuller Gardens
SPM Affordable Housing Corporation	SPM Housing Associates	Stone Pine Meadows
Stoney, Inc.	N/A	N/A
Sycamore Glen Senior Housing, Inc.	N/A	N/A
Sycamore Square Housing Corporation	N/A	Sycamore Square Apartments
UC Independent, Inc.	N/A	Wisteria Place
Virginia Lane Housing, Inc.	N/A	N/A

- The combined financial statements do not include single purpose not-for-profit corporations for which EHI's officers and/or board are not deemed to have majority control, namely Redwood Lodge, Inc., Sequoia Manor, Inc., Sparks Way Commons, Inc., and MV Central Park, Inc.

The combined financial statements also do not consolidate certain affordable housing investments for which EHI and Affiliates are not deemed to have majority control, namely:

<i>Investment</i>	<i>Ownership Interest</i>
Chesley Avenue LLC	50.00%
Miraflores Senior LLC	50.00%
Nugent Square LLC	50.00%
Gough Street Housing LLC	21.00%
John Street Housing LLC	21.00%
Trower Housing Partners, L.P.	0.0041%
Meadows Holly Partners, L.P.	0.0049%
Brookwood Terrace Family Apartments, L.P.	0.005%
Orvieto Family Apartments, L.P.	0.005%

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**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Principles of Combination

Not-for-Profit Corporations:

The combined financial statements include the accounts of EHI (Parent) and other not-for-profit entities that are commonly controlled by EHI's Officers or Board of Directors, including those not-for-profit entities that are majority controlled by EHI. Other not-for-profit entities, over which EHI does not exercise majority control, are not included in the combined financial statements. All material intercompany balances and transactions have been eliminated in the combined financial statements.

Limited Partnerships:

Partnerships that are controlled by EHI or its affiliated not-for-profit entities are included in the combined financial statements. Partnerships over which EHI or its affiliates exercise significant influence are included in the financial statements using the equity method of accounting.

The controlling general partnership interests generally range from .01% to 1.0% with the remainder of the partnership's equity held by a limited partner and shown as non-controlling interests in net assets without donor restrictions.

Limited Liability Companies:

Limited liability companies that are controlled by EHI or its affiliated not-for-profit entities are included in the combined financial statements.

Eliminations:

Material intercompany balances and transactions between controlled entities are eliminated in the combined financial statements. Examples include: elimination of developer fee revenue on EHI's books against the developer fee cost which is capitalized in the building cost on a partnership's books; elimination of partnership management, property management, accounting and other fees on the books of EHI, EHMI, EHRSI and Other Entities against the corresponding operating expenses on a partnership or property's books; elimination of receivables from partnerships and properties on EHI and certain affiliates' books against the corresponding payables on the partnerships and properties' books. Financial statements for each of the major business components, prior to eliminations, are available in the Supplementary Information: Combining Schedules.

Accounting Method

EHI and Affiliates use the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Use of Estimates

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

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*Basis of Presentation*

EHI and Affiliates report information regarding its financial position and activities according to two classes of net assets, as applicable: net assets without donor restrictions and net assets with donor restrictions.

Net assets without donor restrictions include those assets over which the board of directors has discretionary control in carrying out the operations of EHI and Affiliates, together with board designated funds.

Net assets with donor restrictions include those assets subject to donor restrictions and for which the applicable restrictions were not met as of the end of the current reporting period. Some donor-imposed restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. When a donor restriction expires – that is, when a stipulated time restriction ends or purpose restriction is accomplished – net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Other donor-imposed restrictions are perpetual in nature, where the donor stipulates the resources be maintained in perpetuity. Net assets with non-expiring donor restrictions was \$3,719,320 as of December 31, 2018 and 2017. In 2019, net assets with non-expiring donor restrictions totaling \$933,600 was subsequently approved to be released (see Note 14).

*Business Combination/Asset Acquisition*

EHI and Affiliates acquire interests in partnerships and limited liability companies that own real estate. At the time of acquisition, EHI and Affiliates consider whether the acquisition represents an acquisition of a business. EHI and Affiliates account for an acquisition as a business combination where an integrated set of activities is acquired in addition to the property. When the acquisition of partnerships and limited liability companies does not represent a business, it is accounted for as an acquisition of a group of assets and liabilities. The cost of the acquisition is allocated to the assets and liabilities acquired based upon their relative fair values.

EHI and Affiliates account for each business combination by applying the acquisition method. EHI and Affiliates measure the identifiable assets acquired and the liabilities assumed at their acquisition-date fair values. For each business combination, EHI and Affiliates measure any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. When a business combination involves an acquisition of affordable housing and related projects with long term restrictions on affordability and use, EHI and Affiliates measure the identifiable assets acquired, liabilities assumed and non-controlling interests, if any, at their acquisition-date carrying values when there is no readily available market information with similar terms and restrictions. When liabilities assumed exceed the acquisition-date carrying value, the identifiable assets acquired are measured at a value equal to the liabilities assumed.

In 2018, EHI and Affiliates elected to early adopt the updated definition of a business in accounting for the purchase of certain properties. This allowed EHI and Affiliates to recognize the purchase of those properties as an asset acquisition instead of a business combination. Certain acquisition-related costs, such as finder's fees, advisory, legal, professional, other consulting fees, and other general administrative costs are recorded as part of the asset acquisition cost, which would otherwise be recorded as expenses in the period in which the costs are incurred and the services received under a business combination.

*Cash and Cash Equivalents*

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included as cash are funds restricted as to their use such as reserves for repairs and replacements, operating reserves, tax and insurance impound accounts, other reserves, and tenant security deposits. EHI and Affiliates maintain cash on deposit at banks in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including the restricted cash, was approximately \$85,500,000 as of December 31, 2018. EHI and Affiliates have not experienced any losses in such accounts.

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash. Generally, money market accounts and investments with original maturities of three months or less qualify as cash equivalents.

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Investments – Fair Value Measurements

Under GAAP, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (exit price) in an orderly transaction between market participants at the measurement date.

GAAP establish a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of EHI. Unobservable inputs, if any, reflects EHI's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

Level 1 – Valuations based on unadjusted quoted prices in active markets for identical assets or liabilities that EHI has the ability to access at measurement date. Valuation adjustments and block discounts are not applied to Level 1 securities. Since valuations are based on quoted prices that are readily and regularly available in an active market, valuation of these securities does not entail a significant degree of judgment.

Level 2 – Valuations based on significant inputs that are observable, either directly or indirectly or quoted prices in markets that are not active, that is, markets in which there are few transactions, the prices are not current or price quotations vary substantially either over time or among market makers.

Level 3 – Valuations based on inputs that are unobservable and significant to the overall fair value measurement.

The availability of valuation techniques and observable inputs can vary from security to security and is affected by a wide variety of factors, including the type of security, whether the security is new and not yet established in the marketplace, and other characteristics particular to the transaction. To the extent that valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Those estimated values do not necessarily represent the amounts that may be ultimately realized due to the occurrence of future circumstances that cannot be reasonably determined. Because of the inherent uncertainty of valuation, those estimated values may be materially higher or lower than the values that would have been used had a ready market for the securities existed.

Other Investments

Other investments, over which EHI's officers and/or board are deemed not to have majority control, are accounted for using the cost, or equity method of accounting depending upon the existence or absence of significant influence. Under the equity method, the investments are initially recorded at cost then adjusted for the proportionate share of undistributed earnings or losses.

Revenue Recognition

Contributions:

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Government grants are treated as contributions. Contributions are recorded at their fair value as support without donor restrictions or support with donor restrictions, depending on the absence or existence of donor imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions. If donors' restrictions are satisfied in the same period that the contribution is received, the contribution is reported as support without donor restrictions.

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Rental Income:

Rental income for owned property is shown at its maximum gross potential. Vacancy loss is shown as a reduction in rental income. Rental units occupied by employees are included in rental income and as an expense of operations.

Revenue from resident fees, rents and services is recognized in the period rendered.

Developer Fees:

Developer fees for development of multi-family rental projects that are in development or under construction are recognized under the percentage-of-completion method. Developer fees for projects that are in the predevelopment or preconstruction stage are generally recognized as revenue on the cash basis of accounting. Management believes that the amount of cash received during predevelopment stage is commensurate to the work performed during that period.

Developer fees recognized from combined affiliates or consolidated subsidiaries are eliminated as intercompany transactions. EHI estimates that 60% to 70% of its developer fees cover related project costs. Project costs include costs of development, such as consultants, allocated internal salaries and benefits, related overhead, and other non-reimbursed fees that are ordinarily capitalized. Real property costs have been reduced by \$58,907,825 and \$38,396,196, the 30% to 40% portion of the developer fees as of December 31, 2018 and 2017, respectively.

Management Fee Revenue and Related Accounts

EHMI provides property management and bookkeeping services. EHI and certain affiliates provide asset and partnership management services. Income is earned in accordance with the terms of the agreements and recorded as revenue. Such intercompany revenue has been eliminated in the combined financial statements. EHMI also provides marketing and other services.

Allowances for Uncollectible Accounts

EHI and Affiliates record an allowance for doubtful collections based on a review of outstanding receivables, existing economic conditions or specific situations.

Development in Progress

EHI incurs costs during the predevelopment phase of each affordable housing project undertaken. Such costs include governmental, legal, and consulting fees needed to investigate the feasibility and arrange for the financing of each project under construction, as well as construction costs.

Any funds expended on a project that do not pass beyond the predevelopment stage are recorded as expenses when further activity on the project ceases.

Development in progress includes costs of construction or rehabilitation of housing projects that have not been completed. Development in progress is not depreciated until the completion of the development.

Property and Equipment, and Deferred Costs

Property and equipment are stated at cost of acquisition or construction, or fair value if donated. Assets with costs equal to \$1,000 or more, or multiple assets with costs between \$750 and \$999 with an aggregate total invoice of at least \$2,500 are capitalized. Maintenance, repair, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred. Depreciation is computed using the straight-line method over the estimated useful lives of the assets.

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Deferred costs are incurred in order to obtain tax credits and ground leases for the properties. Deferred costs also include other refundable deposits. Deferred costs are stated at cost and amortized on a straight-line basis. Organization costs are expensed as incurred.

The useful lives of the assets are estimated as follows:

Buildings and improvements	15 to 40 years
Furniture, fixtures and equipment	5 to 10 years
Tax credit costs	10 years

In accordance with GAAP, EHI and Affiliates review their property and equipment for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flows expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There was no impairment loss recognized in 2018 and 2017.

Land

Purchased land is carried at cost. Donated land is carried at estimated fair value at the date of donation.

Debt Issuance Costs

Costs incurred in order to obtain construction and permanent financing are stated at cost and amortized on a straight-line basis into interest expense over the term of the loan. Debt issuance costs are reported as a direct deduction from the face amount of the related debt.

Capitalized Interest

EHI and Affiliates capitalized interest incurred during development as a component of development in progress and building and improvement costs. EHI and Affiliates capitalized interest of approximately \$2,746,000 and \$1,344,000 in 2018 and 2017, respectively.

Fair Value of Financial Assets and Liabilities

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of accounts and notes receivable, notes payable, investments in other companies, and financial guarantees because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms.

Income Taxes

EHI and the other not-for-profit corporations are tax-exempt pursuant to the Internal Revenue Code Section 501(c)(3) and related California code sections. Stevenson Land Corporation is tax-exempt pursuant to the Internal Revenue Code Section 501(c)(2) and related California code sections. The income or loss from the partnerships is reported by the partners on their income tax returns. The combined financial statements also include certain corporations that are not tax-exempt.

No income tax provision has been included in the combined financial statements for the single member limited liability companies which are generally considered disregarded entities. The income or loss of the LLCs is included in the tax returns of their respective sole members. Only the annual California limited liability company minimum tax and the annual fee appear as expense in the combined financial statements.



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EHI and Affiliates believe that they have appropriate support for any tax positions taken, and as such, do not have any uncertain tax positions that are material to the financial statements. EHI and Affiliates' federal and state income tax and information returns for the fiscal years ended 2015 through 2017 are subject to examination by regulatory agencies, generally for three years and four years after they were filed for federal and state, respectively.

Guarantees

GAAP requires a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control (see Note 17).

Allocation of Partnership Income/Loss and Tax Credits

The affiliated partnerships are generally expected to generate low-income housing tax credits, which will be allocated in the same manner as the income or loss of each partnership. Because the limited partners' losses are limited to their investments, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in an amount sufficient to absorb the losses. All remaining losses are allocated to the general partners. Any subsequent income allocable to the limited partners is allocated to the general partners first until the general partners' share of that income offsets the losses not previously recognized by the limited partners.

Related-Party Transactions

Most related-party transactions have been eliminated in the combined financial statements. The remaining related-party transactions are not material.

Functional Expenses

The costs of providing program services and supporting services are summarized on a functional basis in the statements of activities. Accordingly, certain costs are allocated among program expenses and supporting services based on estimates of employees' time incurred and on usage of resources. Program expenses include all expenses relating to development, management of properties, and resident services. Supporting services consist of management and general purposes. Fundraising expenses are not significant and are included in supporting services.

Subsequent Events

Management has evaluated subsequent events through June 28, 2019, the date on which the financial statements were available to be issued (see Note 19).

Reclassification

Certain amounts previously reported in the 2017 financial statements were reclassified to conform to the 2018 presentation for comparative purposes.

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**NOTE 3 – INVESTMENTS IN MARKETABLE SECURITIES**

The following tables present information about EHI’s investments measured at fair value on a recurring basis as of December 31, 2018 and 2017, and indicate the fair value hierarchy of the valuation techniques utilized to determine the fair values:

	2018		2017	
	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Cost</i>	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	<i>Cost</i>
U.S. treasuries	\$ 9,910,762	\$ 9,865,890	\$ -	\$ -
Certificates of deposit	4,117,985	4,125,902	10,863,650	10,869,000
Money market instruments	6,923,172	6,903,511	-	-
Government securities	6,081,172	6,079,023	-	-
Mutual funds	7,438,972	7,442,983	10,422,700	10,485,176
Exchange traded funds	3,625,573	3,555,270	3,462,240	2,773,764
	<u>\$ 38,097,636</u>	<u>\$ 37,972,579</u>	<u>\$ 24,748,590</u>	<u>\$ 24,127,940</u>

**NOTE 4 – RESTRICTED CASH**

Restricted cash as of December 31, 2018 and 2017 consists of the following:

	2018	2017
Development cash	\$ 41,784,906	\$ 61,736,445
Replacement reserves	24,215,957	22,773,294
Operating reserves	22,360,452	20,914,030
Subsidy transition reserves	7,100,121	6,846,181
Tenant security deposits	5,832,222	5,579,059
Services reserves	3,290,545	2,161,324
NOI reserves	3,160,352	2,587,393
Bond and loan fee reserves	2,524,893	460,430
Residual receipts	2,231,912	2,629,282
Other	1,397,527	922,498
Total	<u>\$ 113,898,887</u>	<u>\$ 126,609,936</u>

Development Cash

EHI and certain affiliates hold development cash that is earmarked for the rehabilitation of various properties, or for repayment of construction loans at the time of permanent loan conversion.

Replacement and Operating Reserves

EHI and Affiliates are required to maintain replacement and repair reserves for property and equipment as well as operating reserves in accordance with partnership and other lenders’ regulatory agreements.

Subsidy Transition Reserves

Certain affiliates are required to maintain subsidy transition reserves to protect against the potential loss of rental subsidy contracts in accordance with partnership and other lenders’ regulatory agreements.

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Tenant Security Deposits

EHI and Affiliates are required to hold security deposits in separate bank accounts in the name of the properties.

Services Reserves

Certain affiliates are required to maintain services reserves to subsidize the cost of providing supportive services to the property residents in accordance with partnership and other lenders' regulatory agreements.

NOI Reserves

Certain affiliates are required to maintain NOI reserves to pay for rehabilitation costs or for repayment of construction loans in accordance with partnership and other lenders' regulatory agreements.

Bond and Loan Fee Reserves

Certain affiliates are required to maintain reserves to pay for bond and loan fees in accordance with partnership and other lenders' regulatory agreements.

Residual Receipts

Certain affiliates are required to deposit excess cash, as defined by HUD, into separate bank accounts in accordance with the HUD regulatory agreements.

Other

Certain affiliates are required to maintain other reserves specifically identified by investors or lenders in partnerships.

**NOTE 5 – RECEIVABLES**

Receivables as of December 31, 2018 and 2017 consist of the following:

	2018	2017
Tenant and rent subsidy	\$ 1,104,557	\$ 2,880,280
Developer fees	2,062,552	2,117,419
Ground lease	1,527,148	1,506,186
Escrow and other deposits	263,126	1,307,399
Property taxes	170,048	867,717
Property payroll	531,369	510,305
Incentive, asset and partnership management fees	483,709	444,151
Other	1,108,505	1,252,507
Total	<u>7,251,014</u>	<u>10,885,964</u>
Less: allowance for doubtful collections	(413,306)	(849,407)
	<u>6,837,708</u>	<u>10,036,557</u>
Less: current portion	(1,243,574)	(5,517,452)
Non-current portion	<u>\$ 5,594,134</u>	<u>\$ 4,519,105</u>

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**NOTE 6 – NOTES AND INTEREST RECEIVABLE**

Notes and interest receivable are summarized as follows:

	2018	2017
Notes receivable from buyers of units in the La Solanita and La Solana projects, due only upon sale of the property to persons not qualifying as low-income families, with interest ranging from 8% to 10% per annum.	\$ 25,350	\$ 25,350
Notes receivable from buyers of units in the Tyrrell Gardens project, due only upon sale of the property to persons not qualifying as low-income families, with interest at 8% per annum.	60,200	60,200
Note receivable from Cal-Livermore, Inc., with interest at 5% per annum. Principal and interest are repayable at some future date.	100,000	100,000
Note receivable from San Pablo Associates, bears no interest. Annual payments are to be made from excess/distributable cash, with the entire principal and interest due in full in May 2021.	60,000	60,000
Note receivable from Miraflores Senior, L.P., in the maximum amount of \$4,365,496, bears no interest. Annual payments are to be made from excess/distributable cash, with the entire principal and interest due in the earlier of February 2074 or 55 years from the close of permanent financing.	3,635,497	673,524
Note receivable from Meadows Holly Partners, L.P., with interest at 6.25% compounded. Annual payments are to be made from excess/distributable cash, with the entire principal and interest due in August 2057.	1,705,210	-
Total notes receivable	5,586,257	919,074
Accrued interest on notes receivable	315,841	157,084
Total notes and interest receivable	\$ 5,902,098	\$ 1,076,158

**NOTE 7 – INVESTMENTS IN OTHER COMPANIES**

EHI and Affiliates have investments in other companies accounted for under the cost method in the amount of \$375,000 and \$350,000 as of December 31, 2018 and 2017, respectively.

EHI and Affiliates also have investments in housing properties for which EHI and Affiliates are not deemed to have majority control and therefore not consolidated. These investments are accounted for under the equity method and approximate a deficit of \$134,000 and \$-0- as of December 31, 2018 and 2017, respectively. The financial position and activity are summarized below:

	2018	2017
Total assets	\$ 139,697,535	\$ 97,086,764
Total liabilities	129,689,323	69,440,468
Partners' capital	10,008,212	27,646,296
Net income (loss)	(2,661,319)	(995,465)

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**NOTE 8 – DEVELOPMENT IN PROGRESS**

Development in progress consists of the following:

2018				
<i>Property</i>	<i>Owner</i>	<i>Type</i>	<i>Expected Completion Date</i>	<i>Amount</i>
Faith Manor and Tennyson Gardens	Gotta Have Faith, L.P.	Rehabilitation	2019 to 2020	\$ 5,012,550
Charles Apartments and Cypress Gardens	Charles Cypress, L.P.	Rehabilitation	2019 to 2020	5,006,153
Highlands, Hillside Senior, Orchard Maples, and Willows	Eden VCH LLC	Rehabilitation	2019 to 2020	634,589
Light Tree	Light Tree Two, L.P.	New construction	2022 to 2023	586,504
	Light Tree Three, L.P.	Rehabilitation		
Quail Run Apartments	Santa Rosa Housing Partners Limited Partnership	Rehabilitation	2019	291,178
Eden Pratt	Eden Pratt Development LLC	New construction	2022 to 2023	192,491
Eden Baywood	Eden Baywood Apartments, L.P.	Rehabilitation	2019	105,524
Sycamore Square	Sycamore Square Housing Corporation	Rehabilitation	2019	92,802
Ridgeview Commons	Ridge View Commons Associates	Rehabilitation	2019	62,834
Hillview Glen Apartments	Hillview Glen Limited Partnership	Rehabilitation	2019	44,683
Gilroy Sobrato	Gilroy Sobrato Studios LLC	Rehabilitation	2019	36,884
Warner Creek	Warner Creek Senior Housing, L.P.	Rehabilitation	2019	36,665
Windscape Apartments	Reseda Boulevard Associates	Rehabilitation	2019	8,598
Sobrato Family Apartments	Gilroy Transitional Housing Center Associates	Rehabilitation	2019	8,166
Light Tree	Light Tree Housing Partners	Rehabilitation	2019	1,453
Portfolio rehabilitation	Eden Housing, Inc.	Rehabilitation	2019 to 2023	1,633,454
Predevelopment and site control	Eden Housing, Inc.	New construction	2019 to 2023	5,824,401
Corporate offices	Eden Housing, Inc.	Other	2019	119,001
Total development in progress				\$ 19,697,930

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2017				
<i>Property</i>	<i>Owner</i>	<i>Type</i>	<i>Expected Completion Date</i>	<i>Amount</i>
Mission Court	Mission Court Nine, L.P.	New construction	2018	\$ 13,997,045
Hana Gardens	El Cerrito Senior, L.P. Eden Coronado	New construction	2018	13,671,192
Coronado Terrace	Terrace Two L.P.	Rehabilitation	2018	6,518,088
Connell	Connell Apartments, L.P.	Rehabilitation	2018	3,464,196
Stoney Creek	Stoney Creek Two, L.P.	Rehabilitation	2018	3,026,935
Redwoods and Wheeler Manor	Redwoods Wheeler, L.P.	Rehabilitation	2018	2,781,765
Catalonia	Catalonia Two, L.P.	Rehabilitation	2018	2,606,060
Monterra Village	MRW, L.P.	Rehabilitation	2018	1,280,937
Mission Court	Mission Court Four, L.P.	New construction	2018	744,288
Portfolio rehabilitation	Eden Housing, Inc.	Rehabilitation	2018 to 2022	2,587,905
Acquisition deposits and related	Eden Housing, Inc.	Acquisition	2018 to 2022	239,449
Predevelopment and site control	Eden Housing, Inc.	New construction	2018 to 2022	1,301,382
Other	Various	Rehabilitation	2018	12,056
Total development in progress				<u>\$ 52,231,298</u>

**NOTE 9 – PROPERTY AND EQUIPMENT**

Property and equipment is summarized as follows:

	2018	2017
Land	\$ 235,372,369	\$ 205,016,668
Building and improvements	1,668,760,276	1,506,091,214
Furniture and equipment	39,836,146	36,554,242
	<u>1,943,968,791</u>	<u>1,747,662,124</u>
Less: accumulated depreciation	(358,665,643)	(321,853,787)
Total property and equipment	<u>\$1,585,303,148</u>	<u>\$1,425,808,337</u>

Depreciation expense was \$46,922,555 and \$43,576,088 in 2018 and 2017, respectively.

**NOTE 10 – DEFERRED COSTS**

Deferred costs are summarized as follows:

	2018	2017
Tax credit fees	\$ 3,551,992	\$ 3,320,637
Ground lease costs	2,385,435	2,385,435
Other	799,677	926,551
	<u>6,737,104</u>	<u>6,632,623</u>
Less: accumulated amortization	(1,124,345)	(736,741)
Total	<u>\$ 5,612,759</u>	<u>\$ 5,895,882</u>

Amortization expense was \$367,066 and \$269,389 in 2018 and 2017, respectively.

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**NOTE 11 – LINE OF CREDIT**

EHI has a \$3,500,000 unsecured revolving line of credit with Wells Fargo Bank, of which \$1,500,000 and \$0- was outstanding as of December 31, 2018 and 2017, respectively. Bank advances on the credit line bear interest at a variable rate based on 1-month LIBOR, and are due on maturity, October 27, 2019. As a sub feature of the line of credit, the bank agrees to issue standby letters of credit, where requested, not to exceed an aggregate of \$3,500,000. Any amount of drawn letters of credit shall proportionately reduce the amount available to borrow on the line of credit. EHI is also required to maintain at all times net unencumbered liquid assets of not less than \$3,500,000.

**NOTE 12 – NOTES PAYABLE**

Notes payable are generally secured by the respective properties and consist of the following:

	2018		2017	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Construction loans, bearing variable interest rates, with interest only payments due monthly, to be repaid in full or partially converted to permanent loans through 2020. <sup>(1)</sup> Interest expense was \$7,932,403 and \$5,613,645 in 2018 and 2017, respectively.	\$ 684,923	\$ 222,880,751	\$ 749,748	\$ 315,762,816
Bond and permanent loans, bearing interest from 1% to 9%, generally with principal and interest due monthly, to be repaid in full through 2050. Bond principal payments may be accumulated in a principal fund held by a trustee. Interest expense was \$18,779,938 and \$17,367,141 in 2018 and 2017, respectively.	3,998,671	413,089,103	3,470,420	329,839,698
Federal loans, generally non-interest bearing, with principal payments generally deferred through 2071, at which time all outstanding principal is due or will be forgiven. Interest expense was \$0- in 2018 and 2017.	-	39,580,377	-	40,992,377
State loans, bearing 3% interest, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2072. Interest expense was \$4,255,820 and \$4,091,614 in 2018 and 2017, respectively.	27,589,652	169,105,720	25,901,952	169,275,602
County loans, bearing interest from 0% to 6%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2072. Interest expense was \$2,031,282 and \$1,797,292 in 2018 and 2017, respectively.	17,446,830	94,148,945	15,887,979	92,483,161

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	2018		2017	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Local loans, bearing interest from 0% to 6%, generally payable out of excess cash, to be repaid in full through 2074. Interest expense was \$4,699,514 and \$4,361,702 in 2018 and 2017, respectively.	51,811,077	230,299,318	46,557,450	210,628,861
Land loans, bearing interest at 5%, with interest-only payments due monthly from an interest reserve, to be repaid in full in 2020, subject to applicable extension terms, non-recourse and secured by the underlying land. Interest expense was \$454,933 and \$-0- in 2018 and 2017, respectively.	-	9,700,000	-	-
Other loans, bearing interest from 0% to 5%, generally payable out of excess cash, to be repaid in full through 2071. Interest expense was \$1,178,147 and \$995,884 in 2018 and 2017, respectively.	2,368,684	14,408,413	738,869	14,882,926
Total	103,899,837	1,193,212,627	93,306,418	1,173,865,441
Less:				
Unamortized debt issuance costs <sup>(2)</sup>	-	(13,453,581)	-	(10,358,196)
Current portion	(2,523,039)	(12,595,896)	(2,295,806)	(9,814,361)
Long-term portion	<u>\$ 101,376,798</u>	<u>\$ 1,167,163,150</u>	<u>\$ 91,010,612</u>	<u>\$ 1,153,692,884</u>

(1) Construction loans will be extended or repaid using funds from permanent lenders, limited partners or other sources.

(2) Costs incurred to obtain construction and permanent financing were \$22,671,508 and are amortized on a straight-line basis into interest expense over the term of the respective loans. Interest expense for amortization of debt issuance costs was \$3,284,289 and \$1,653,810 in 2018 and 2017, respectively.

Principal payments toward notes payable for the next five years are subject to changes in net cash flow, which is a contingency that cannot be reasonably estimated. Minimum required payments on amortizing loans are estimated as follows:

<u>Year Ended December 31,</u>	<u>Principal Payments</u>
2019	\$ 12,595,896
2020	24,963,942
2021	39,072,090
2022	17,609,782
2023	11,774,534



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**NOTE 13 – NET ASSETS**

Net Assets without Donor Restrictions – Board Designated Funds

EHI established a revolving Program Fund to be utilized for Board-designated mission purpose investments. Program funds are available for investments in new programs, acquisitions, predevelopment costs, infrastructure or capital improvements. Of the total Program Fund balance as of December 31, 2018 and 2017, \$20,010,200 and \$16,667,414, respectively, was unspent and included in cash and cash equivalents and investments. These funds are not available for general operations without EHI Board approval. Activities of the fund are as follows:

	2018			
December 31, 2017	Additions and Earnings	Non-recoverable Expenditures for Special Projects	December 31, 2018	
Program Fund	\$ 33,805,585	\$ 5,923,771	\$ (153,587)	\$ 39,575,769

	2017			
December 31, 2016	Additions and Earnings	Non-recoverable Expenditures for Special Projects	December 31, 2017	
Program Fund	\$ 26,950,722	\$ 7,180,686	\$ (325,823)	\$ 33,805,585

Net Assets with Donor Restrictions

Net assets with donor restrictions consist of capital grants from NeighborWorks America (NWA) totaling \$3,719,320 (see Note 14).

**NOTE 14 – NEIGHBORWORKS AMERICA GRANTS**

EHI received the following grants:

Support without Donor Restrictions

NWA provided \$544,375 and \$617,500 of grants without donor restrictions in 2018 and 2017, respectively, to support program activities and operations.

Support with Donor Restrictions

NWA provided capital grants totaling \$3,719,320 to EHI, a portion of which was assigned from another non-profit housing developer. This amount has donor restrictions, although NWA will consider requests to transfer a portion of the total restricted funds received over time to funds without donor restrictions.

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The NWA capital funds have been disbursed for development of the following affordable housing projects as of December 31, 2018 and 2017:

<i>Funds Held by/Used by</i>	<i>Purpose</i>	<i>Amount</i>
Camphora Associates, L.P.	Camphora Apartments	\$ 100,000
Connell Apartments, L.P. <sup>(1)</sup>	Connell Apartments	98,507
Corralitos Creek Associates <sup>(1)</sup>	Corralitos Creek Apartments	492,000
Crest Avenue Associates	Crest Avenue Apartments	320,000
Gilroy Transitional Housing Center Associates	Gilroy Transitional Apartments	625,000
Church & Monterey Road Associates	Jasmine Square Apartments	295,000
MRW, L.P. <sup>(1)</sup>	Monterra Village Apartments	61,370
Salinas Road Associates	Nuevo Amanecer	143,000
Pacific Family MHP LLC	Pacific Family MHP	100,000
Pleasant Acres MHP LLC	Pleasant Acres MHP	115,720
Riverside MHP LLC	Riverside MHP	100,000
Royal Court Associates	Royal Court Apartments	200,000
Seacliff Highlands Associates <sup>(1)</sup>	Seacliff Highlands Apartments	100,000
Villa Ciolino Associates <sup>(1)</sup>	Villa Ciolino	181,723
VL, L.P.	Virginia Lane	125,000
Jewell Avenue Associates	Vista Point at Pacific Grove	462,000
Vista Verde Housing Associates	Vista Verde	100,000
Vista Verde Childcare LLC	Vista Verde Childcare	100,000
Total		<u>\$ 3,719,320</u>

<sup>(1)</sup> In 2019, NWA subsequently approved to release capital funds totaling \$933,600 to funds without donor restrictions (see Note 19).

**NOTE 15 – LIQUIDITY AND AVAILABILITY**

Financial assets as of December 31, 2018 consist of the following:

	<i>Eden Housing, Inc. and Other Supporting Entities</i>	<i>Affordable Housing Properties</i>	<i>Total</i>
Cash and cash equivalents	\$ 17,849,130	\$ 37,002,899	\$ 54,852,029
Investments in marketable securities	38,097,636	-	38,097,636
Impound deposits	-	2,142,013	2,142,013
Receivables, net – current portion	560,699	682,875	1,243,574
Total	<u>\$ 56,507,465</u>	<u>\$ 39,827,787</u>	<u>\$ 96,335,252</u>

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EHI and Affiliates have \$96,335,252 of financial assets available within one year of the balance sheet date consisting of the amounts described above. Financial assets include amounts that will be used to pay accounts payable, accrued expenses and other distributions from operating cash flow, if any, in the subsequent year. None of the financial assets are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the balance sheet date. As part of its liquidity management, EHI establishes and maintains a short-term, mid-term and long-term reserve at levels approved by the board of directors annually. In addition, the affordable housing properties maintain reserve accounts as described in Note 4, a portion of which may be available to cover debt service, capital expenditures and performance of resident services within one year of balance sheet date upon approval from regulatory agencies. In addition, the affordable housing properties can defer payment of property management fees, or receive advances from the management agent, in the event of an unanticipated liquidity need.

**NOTE 16 – EMPLOYEE BENEFIT PLANS**

EHI established a 401(k) plan effective January 1, 1999. Employees are eligible to participate in the plan after completing one month of service. Participants can contribute a percentage of their compensation annually to the plan, subject to certain annual limits set forth by the Internal Revenue Service. The 401(k) plan also provides for an annual discretionary employer contribution after one year of service for employees who work more than 1,000 hours per year and are at least 18 years of age or older. Employer contributions of \$857,116 and \$775,742 was equal to 5% of eligible compensation annually in 2018 and 2017, respectively, as determined by the board of directors. Employer contributions are fully vested after three years of service.

**NOTE 17 – COMMITMENTS AND CONTINGENCIES**

Operating Deficit Guaranty

EHI has provided operating deficit guarantees for its various affiliates and projects. EHI will cover operating deficits as needed up to a stated limit. EHI does not require any collateral or other security from its affiliates and projects related to the operating deficit guarantees. A reasonable estimate of the outstanding operating deficit guarantees as of December 31, 2018 amounted to approximately \$28,600,000. Management believes that the likelihood of funding a material amount of any of the operating deficit guarantees is remote.

Loan Guaranty

EHI has provided loan guarantees for its various affiliates and projects. EHI will be responsible for repaying a loan if, when the loan becomes due, the respective affiliate or project does not make payment on the loan. EHI does not require any collateral or other security from its affiliates and projects related to the loan guarantees. A reasonable estimate of the outstanding loan guarantees as of December 31, 2018 amounted to approximately \$212,100,000. Management believes that the likelihood of funding a material amount of any of the loan guarantees is remote.

Tax Credit Indemnification

EHI has provided indemnifications with regard to tax benefits projected for its various affiliates and projects. EHI has guaranteed an aggregate amount in excess of approximately \$363,600,000 to the limited investors for tax credits and other tax benefits for various affiliated limited partnerships as of December 31, 2018. Management believes that the likelihood of funding a material amount of any of the tax credit guarantees is remote.

Grants and Loans

In connection with various federal, state and city grants and loan programs, EHI and Affiliates are obligated to operate in accordance with those grant and loan requirements and is subject to audit by those agencies. In cases of noncompliance, the agencies involved may require that EHI and Affiliates refund payment of grant or loan funds. Management believes the likelihood of funding a repayment of grant or loan funds is remote.

EDEN HOUSING, INC. AND AFFILIATES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

Purchase Option

In connection with the development of affordable housing projects which are owned by limited partnerships, affiliates of EHI have acquired the options to purchase the projects at the close of the projects' 15-year compliance period.

**NOTE 18 – ACQUISITION AGREEMENTS WITH OTHER HOUSING DEVELOPERS**

Orderly Transition Agreement with South County Housing Corporation

During 2017, EHI and its affiliates acquired ownership or control over properties and projects previously under the ownership or control of another nonprofit developer and its affiliates. In accordance with GAAP, management recorded these transactions as acquisitions of a business rather than as asset acquisitions and recognized these transactions as business combinations. Further, since the business combination involves the acquisition of affordable housing and related projects with long term restrictions on affordability and use, there is no readily available market information with similar terms and restrictions. Thus, all identifiable assets acquired, liabilities assumed and non-controlling interests, if any, were measured at the greater of their acquisition-date carrying values or liabilities assumed. Details are as follows:

<u>Projects Acquired</u>	<u>Acquisition Date</u>	<u>Percentage Interest</u>
Nuevo Amanecer	April 1, 2017	0.01%
Sobrato Transitional	January 27, 2017	0.01%
Vista Point	May 3, 2017	0.01%
Maple Gardens	November 1, 2017	100%

The fair value of the identifiable assets and liabilities at the acquisition dates were as follows:

	<u>Fair Value at Acquisition Date</u>
Property and equipment	\$ 36,550,278
Other assets and expenses	3,097,958
	<u>39,648,236</u>
Loans and payables	<u>(34,911,655)</u>
Net assets	4,736,581
Non-controlling interest transferred from non-affiliate	<u>(1,701,136)</u>
Controlling interest transferred from non-affiliate	<u>\$ 3,035,445</u>

Memorandum of Understanding with Vacaville Community Housing, Inc.

During 2017, EHI and Affiliates were selected by VCH to evaluate the potential acquisition of VCH's rental portfolio. VCH's rental portfolio consists of various ownership structures, including general partner interests, directly-owned properties, and others in new construction and substantial rehabilitation. EHI is not required to assume ownership of assets not in the best interest of either parties to assume, however, the parties will work cooperatively to select another entity to transfer the assets to.

EDEN HOUSING, INC. AND AFFILIATES  
NOTES TO COMBINED FINANCIAL STATEMENTS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

On August 16, 2017, an EHI affiliate substituted VCH as a managing general partner of Meadows Holly Partners, L.P., a partnership that purchased 82 units located in Vacaville and formerly owned by VCH, known as Meadows Holly Apartments. In 2018, a seller carryback loan in the original amount of \$1,705,210 was assigned to EVHI (see Note 6). Effective January 1, 2019, EHMI was contracted for property management services for the property.

On October 19, 2018, EHI and VCH completed the transfer of 319 units known as Orchard Maples, Willows, Hillside and Highlands Apartments to Eden VCH LLC, a wholly owned affiliate of EVHI.

On October 23, 2018, an EHI affiliate substituted VCH as a managing general partner of Trower Housing Partners, L.P., a partnership developing a 39 unit project in Vacaville known as Rocky Hill Apartments. EHMI has also been contracted for its lease-up and property management services at the property.

EHI is continuing to work with VCH and their partners to transfer two additional properties consisting of 134 and 65 units. The transfer is anticipated to be completed by December 31, 2019.

**NOTE 19 – SUBSEQUENT EVENTS**

Subsequent to December 31, 2018, EHI and Affiliates completed acquisition of parcels of land in San Leandro, San Jose, and Castro Valley, California for consideration totaling \$19,525,000. Two of the purchases were financed with \$18,350,000 interest-only loans due between December 2020 and April 2021, subject to applicable extension provisions. The third purchase was financed with a \$3,015,000 deferred loan due in 55 years.

Subsequent to December 31, 2018, EHI and Affiliates completed the buyout of the limited partner's partnership interest in Santa Rosa Housing Partners Limited Partnership for a purchase price of approximately \$7,000,000, which was primarily financed with an interest-only loan of \$5,000,000 due in January 2021, subject to applicable extension provisions.

Subsequent to December 31, 2018, EHI and Affiliates repaid approximately \$30,000,000 of construction loans through issuance of permanent financing and additional non-controlling interest equity.

Subsequent to December 31, 2018, NWA approved to release capital funds totaling \$933,600 to funds without donor restrictions.

**SUPPLEMENTARY INFORMATION:  
COMBINING SCHEDULES**

EDEN HOUSING, INC. AND AFFILIATES  
COMBINING SCHEDULES OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

	2018							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 12,899,662	\$ 1,046,884	\$ 305,901	\$ 37,002,899	\$ 3,596,683	\$ 54,852,029	\$ -	\$ 54,852,029
Investments in marketable securities	38,097,636	-	-	-	-	38,097,636	-	38,097,636
Impound deposits	-	-	-	2,142,013	-	2,142,013	-	2,142,013
Receivables, net – current portion	24,387,141	575,460	-	682,875	8,376	25,653,852	(24,410,278)	1,243,574
Notes and interest receivable – current portion	6,273,695	-	-	-	-	6,273,695	(6,273,695)	-
Prepaid expenses and other receivables	27,000	4,571	-	1,257,340	39,333	1,328,244	(174,408)	1,153,836
Total current assets	81,685,134	1,626,915	305,901	41,085,127	3,644,392	128,347,469	(30,858,381)	97,489,088
Restricted cash – net of current portion	26,852,925	-	-	86,621,065	424,897	113,898,887	-	113,898,887
Receivables, net – net of current portion	48,531,629	496,557	156,162	2,175,673	6,816,273	58,176,294	(52,582,160)	5,594,134
Notes and interest receivable – net of current portion	107,026,396	-	-	-	124,570,780	231,597,176	(225,695,078)	5,902,098
Grants and contributions receivable	1,552,636	-	-	-	-	1,552,636	-	1,552,636
Investments in related parties and other companies	636,771	-	-	-	(115,342,582)	(114,705,811)	114,946,704	240,893
Development in progress	7,975,095	-	-	12,121,073	-	20,096,168	(398,238)	19,697,930
Property and equipment, net	2,547,809	14,812	4,799	1,638,433,038	3,210,515	1,644,210,973	(58,907,825)	1,585,303,148
Deferred costs, net	-	-	-	5,612,759	-	5,612,759	-	5,612,759
Total assets	\$ 276,808,395	\$ 2,138,284	\$ 466,862	\$ 1,786,048,735	\$ 23,324,275	\$ 2,088,786,551	\$ (253,494,978)	\$ 1,835,291,573

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINING SCHEDULES OF FINANCIAL POSITION  
 DECEMBER 31, 2018 AND 2017

	2018							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable and accrued expenses	\$ 1,547,970	\$ 589,922	\$ 190,615	\$ 5,882,528	\$ 195,599	\$ 8,406,634	\$ 11,147	\$ 8,417,781
Deferred revenue	-	-	-	1,092,010	265,657	1,357,667	-	1,357,667
Line of credit	1,500,000	-	-	-	-	1,500,000	-	1,500,000
Interest payable – current portion	19,383	-	-	2,503,656	-	2,523,039	-	2,523,039
Notes payable – current portion	95,472	-	-	12,500,424	-	12,595,896	-	12,595,896
Total current liabilities	3,162,825	589,922	190,615	21,978,618	461,256	26,383,236	11,147	26,394,383
Accounts payable – development	77,773	-	-	14,677,481	-	14,755,254	-	14,755,254
Related-party payable	119,116	1,508,054	53,167	58,951,208	16,083,598	76,715,143	(76,715,143)	-
Tenant security deposits	-	-	-	5,704,661	36,212	5,740,873	-	5,740,873
Interest payable – net of current portion	-	-	-	111,125,197	235,440	111,360,637	(9,983,839)	101,376,798
Notes payable – net of current portion	4,668,684	-	-	1,355,273,929	30,747,323	1,390,689,936	(223,526,786)	1,167,163,150
Total liabilities	8,028,398	2,097,976	243,782	1,567,711,094	47,563,829	1,625,645,079	(310,214,621)	1,315,430,458
Net assets:								
Without donor restrictions:								
Controlling interest	225,484,908	40,308	223,080	(186,135,220)	(24,562,025)	15,051,051	56,719,643	71,770,694
Controlling interest – board-designated funds	39,575,769	-	-	-	-	39,575,769	-	39,575,769
Noncontrolling interest	-	-	-	404,472,861	322,471	404,795,332	-	404,795,332
Total without donor restrictions	265,060,677	40,308	223,080	218,337,641	(24,239,554)	459,422,152	56,719,643	516,141,795
With donor restrictions – controlling interest	3,719,320	-	-	-	-	3,719,320	-	3,719,320
Total net assets	268,779,997	40,308	223,080	218,337,641	(24,239,554)	463,141,472	56,719,643	519,861,115
Total liabilities and net assets	\$ 276,808,395	\$ 2,138,284	\$ 466,862	\$ 1,786,048,735	\$ 23,324,275	\$ 2,088,786,551	\$ (253,494,978)	\$ 1,835,291,573



EDEN HOUSING, INC. AND AFFILIATES  
COMBINING SCHEDULES OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

	2017							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
ASSETS								
Current assets:								
Cash and cash equivalents	\$ 19,040,667	\$ 634,485	\$ 284,233	\$ 24,144,247	\$ 2,794,470	\$ 46,898,102	\$ -	\$ 46,898,102
Investments in marketable securities	24,748,590	-	-	-	-	24,748,590	-	24,748,590
Impound deposits	-	-	-	1,689,229	46,819	1,736,048	-	1,736,048
Receivables, net – current portion	14,269,460	916,152	183,232	6,161,355	319,783	21,849,982	(16,332,530)	5,517,452
Notes and interest receivable – current portion	4,224,442	-	-	-	-	4,224,442	(4,224,442)	-
Prepaid expenses and other receivables	48,938	4,330	2,732	876,309	21,705	954,014	-	954,014
Total current assets	62,332,097	1,554,967	470,197	32,871,140	3,182,777	100,411,178	(20,556,972)	79,854,206
Restricted cash	24,317,711	-	-	102,022,569	269,656	126,609,936	-	126,609,936
Receivables, net – net of current portion	39,858,090	-	-	-	7,013,400	46,871,490	(42,352,385)	4,519,105
Notes and interest receivable – net of current portion	101,431,526	-	-	-	49,081,081	150,512,607	(149,436,449)	1,076,158
Grants and contributions receivable	311,249	-	-	-	-	311,249	-	311,249
Investments in related parties and other companies	1,069,369	-	-	-	(112,291,477)	(111,222,108)	111,572,108	350,000
Development in progress	4,128,737	-	-	48,102,561	-	52,231,298	-	52,231,298
Property and equipment, net	2,731,388	26,526	11,212	1,458,215,229	3,220,177	1,464,204,532	(38,396,195)	1,425,808,337
Deferred costs, net	-	-	-	5,895,882	-	5,895,882	-	5,895,882
Total assets	\$ 236,180,167	\$ 1,581,493	\$ 481,409	\$ 1,647,107,381	\$ (49,524,386)	\$ 1,835,826,064	\$ (139,169,893)	\$ 1,696,656,171

EDEN HOUSING, INC. AND AFFILIATES  
COMBINING SCHEDULES OF FINANCIAL POSITION  
DECEMBER 31, 2018 AND 2017

	2017							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
LIABILITIES AND NET ASSETS								
Current liabilities:								
Accounts payable and accrued expenses	\$ 1,369,665	\$ 354,774	\$ 126,331	\$ 5,088,080	\$ 427,947	\$ 7,366,797	\$ -	\$ 7,366,797
Deferred revenue	-	-	-	1,334,458	272,288	1,606,746	-	1,606,746
Interest payable – current portion	21,780	-	-	2,274,026	-	2,295,806	-	2,295,806
Notes payable – current portion	101,432	-	-	9,712,929	-	9,814,361	-	9,814,361
Total current liabilities	1,492,877	354,774	126,331	18,409,493	700,235	21,083,710	-	21,083,710
Accounts payable – development	39,695	-	-	19,640,877	-	19,680,572	-	19,680,572
Related-party payable	122,296	-	14,092	45,388,299	13,397,835	58,922,522	(58,922,522)	-
Tenant security deposits	-	-	-	5,365,073	97,836	5,462,909	-	5,462,909
Interest payable – net of current portion	-	-	-	98,571,865	222,360	98,794,225	(7,783,613)	91,010,612
Notes payable – net of current portion	4,783,405	-	-	1,265,110,818	31,021,149	1,300,915,372	(147,222,488)	1,153,692,884
Total liabilities	6,438,273	354,774	140,423	1,452,486,425	45,439,415	1,504,859,310	(213,928,623)	1,290,930,687
Net assets:								
Without donor restrictions:								
Controlling interest	192,216,989	1,226,719	340,986	(113,474,591)	(95,569,003)	(15,258,900)	74,758,730	59,499,830
Controlling interest – board-designated funds	33,805,585	-	-	-	-	33,805,585	-	33,805,585
Non-controlling interest	-	-	-	308,095,547	605,202	308,700,749	-	308,700,749
Total without donor restrictions	226,022,574	1,226,719	340,986	194,620,956	(94,963,801)	327,247,434	74,758,730	402,006,164
With donor restrictions – controlling interest	3,719,320	-	-	-	-	3,719,320	-	3,719,320
Total net assets	229,741,894	1,226,719	340,986	194,620,956	(94,963,801)	330,966,754	74,758,730	405,725,484
Total liabilities and net assets	\$ 236,180,167	\$ 1,581,493	\$ 481,409	\$ 1,647,107,381	\$ (49,524,386)	\$ 1,835,826,064	\$ (139,169,893)	\$ 1,696,656,171

EDEN HOUSING, INC. AND AFFILIATES  
COMBINING SCHEDULES OF ACTIVITIES  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Support and revenue:								
Rental income	\$ -	\$ -	\$ -	\$ 126,672,856	\$ 343,299	\$ 127,016,155	\$ (331,609)	\$ 126,684,546
Development fees	28,997,170	-	-	-	-	28,997,170	(28,915,069)	82,101
Management and resident services fees	3,207,862	8,070,183	3,937,431	-	2,870,684	18,086,160	(17,670,026)	416,134
Ground lease income	501,393	-	-	-	270,061	771,454	(651,393)	120,061
Grants and contributions	6,269,946	-	82,550	162,127	1,763,285	8,277,908	-	8,277,908
Interest income and net investment return	3,009,246	-	-	564,750	686,781	4,260,777	(3,842,559)	418,218
Pass-through income (loss) from equity method investments	(345,107)	-	-	-	(24,027,460)	(24,372,567)	24,283,130	(89,437)
Other income	161,301	4,655	-	2,576,721	24,739	2,767,416	-	2,767,416
Total support and revenue	41,801,811	8,074,838	4,019,981	129,976,454	(18,068,611)	165,804,473	(27,127,526)	138,676,947
Expenses:								
Program expenses:								
Affordable housing development	5,095,131	-	-	-	-	5,095,131	(5,095,131)	-
Affordable housing ownership and operations	-	-	-	89,895,312	3,485,481	93,380,793	(18,653,028)	74,727,765
Affordable housing property management	-	6,020,249	-	-	-	6,020,249	-	6,020,249
Affordable housing resident services	-	-	4,280,845	-	-	4,280,845	-	4,280,845
Supporting services:								
Management and general	2,242,428	4,029,287	623,130	-	269,435	7,164,280	(1,273,995)	5,890,285
Total expenses	7,337,559	10,049,536	4,903,975	89,895,312	3,754,916	115,941,298	(25,022,154)	90,919,144
Change in net assets before other income (expenses)	34,464,252	(1,974,698)	(883,994)	40,081,142	(21,823,527)	49,863,175	(2,105,372)	47,757,803
Other income (expenses):								
Income from property acquisitions	-	-	-	2,874,391	-	2,874,391	-	2,874,391
Forgiveness of debt	-	-	-	1,520,000	-	1,520,000	-	1,520,000
Deferred interest expense	-	-	-	(26,711,939)	-	(26,711,939)	3,444,321	(23,267,618)
Depreciation and amortization	(255,576)	(11,713)	(6,412)	(48,907,926)	(7,645)	(49,189,272)	1,899,651	(47,289,621)
Contributions from related parties	14,201,310	800,000	772,500	111,182	8,305,952	24,190,944	(24,190,944)	-
Contributions to related parties	(9,371,883)	-	-	(12,977,309)	(1,935,695)	(24,284,887)	24,284,887	-
Total other income (expenses)	4,573,851	788,287	766,088	(84,091,601)	6,362,612	(71,600,763)	5,437,915	(66,162,848)
Change in net assets	39,038,103	(1,186,411)	(117,906)	(44,010,459)	(15,460,915)	(21,737,588)	3,332,543	(18,405,045)
Net assets, beginning of year	229,741,894	1,226,719	340,986	194,620,956	(94,963,801)	330,966,754	74,758,730	405,725,484
Transfer (to) from other consolidating column	-	-	-	(69,772,083)	69,772,083	-	-	-
Controlling interest in projects transferred from non-affiliate	-	-	-	-	12,207,896	12,207,896	(12,207,896)	-
Capital contributions, net of distributions	-	-	-	137,499,227	4,205,183	141,704,410	(9,163,734)	132,540,676
Net assets, end of year	\$ 268,779,997	\$ 40,308	\$ 223,080	\$ 218,337,641	\$ (24,239,554)	\$ 463,141,472	\$ 56,719,643	\$ 519,861,115

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINING SCHEDULES OF ACTIVITIES  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Support and revenue:								
Rental income	\$ -	\$ -	\$ -	\$ 115,111,437	\$ 349,132	\$ 115,460,569	\$ (309,658)	\$ 115,150,911
Developer fees	31,098,351	-	-	-	60,787	31,159,138	(29,208,493)	1,950,645
Management and resident services fees	4,184,682	7,008,995	3,807,155	3,750	2,301,346	17,305,928	(16,713,547)	592,381
Ground lease income	465,667	-	-	-	788,617	1,254,284	(615,667)	638,617
Grants and contributions	3,089,320	-	91,978	148,576	539,677	3,869,551	-	3,869,551
Interest income and net investment return	3,843,622	-	-	249,340	147,016	4,239,978	(2,932,781)	1,307,197
Pass-through income (loss) from equity method investments	969,594	-	-	(2,553,906)	(15,315,185)	(16,899,497)	16,899,497	-
Other income	282,376	1,620	2,238	2,121,354	8,140	2,415,728	-	2,415,728
Total support and revenue	<u>43,933,612</u>	<u>7,010,615</u>	<u>3,901,371</u>	<u>115,080,551</u>	<u>(11,120,470)</u>	<u>158,805,679</u>	<u>(32,880,649)</u>	<u>125,925,030</u>
Expenses:								
Program expenses:								
Affordable housing development	5,591,817	-	-	-	-	5,591,817	(5,591,817)	-
Affordable housing ownership and operations	-	-	-	93,553,267	4,445,641	97,998,908	(18,646,778)	79,352,130
Affordable housing property management	-	4,024,864	-	-	-	4,024,864	-	4,024,864
Affordable housing resident services	-	-	4,099,905	-	-	4,099,905	-	4,099,905
Supporting services:								
Management and general	2,277,656	2,216,687	381,782	-	442,371	5,318,496	(2,516,337)	2,802,159
Total expenses	<u>7,869,473</u>	<u>6,241,551</u>	<u>4,481,687</u>	<u>93,553,267</u>	<u>4,888,012</u>	<u>117,033,990</u>	<u>(26,754,932)</u>	<u>90,279,058</u>
Change in net assets before other income (expenses)	<u>36,064,139</u>	<u>769,064</u>	<u>(580,316)</u>	<u>21,527,284</u>	<u>(16,008,482)</u>	<u>41,771,689</u>	<u>(6,125,717)</u>	<u>35,645,972</u>
Other income (expenses):								
Income from property acquisitions	-	-	-	1,467,033	-	1,467,033	-	1,467,033
Forgiveness of debt	2,969,157	-	-	739,615	(2,703,319)	1,005,453	-	1,005,453
Termination of ground lease	(1,261,519)	-	-	1,261,519	-	-	-	-
Deferred interest expense	(348,792)	-	-	(13,756,275)	-	(14,105,067)	2,858,575	(11,246,492)
Depreciation and amortization	(269,911)	(16,083)	(8,309)	(44,502,413)	(12,500)	(44,809,216)	963,738	(43,845,478)
Contributions from related parties	26,374,283	-	201,949	435,498	3,610,063	30,621,793	(30,621,793)	-
Contributions to related parties	(3,158,998)	(3,450,176)	(190,709)	(22,392,849)	(1,285,073)	(30,477,805)	30,477,805	-
Total other income (expenses)	<u>24,304,220</u>	<u>(3,466,259)</u>	<u>2,931</u>	<u>(76,747,872)</u>	<u>(390,829)</u>	<u>(56,297,809)</u>	<u>3,678,325</u>	<u>(52,619,484)</u>
Change in net assets	60,368,359	(2,697,195)	(577,385)	(55,220,588)	(16,399,311)	(14,526,120)	(2,447,392)	(16,973,512)
Net assets, beginning of year	169,079,772	3,923,914	918,371	221,222,239	(92,528,409)	302,615,887	74,651,013	377,266,900
Transfer (to) from other consolidating column	-	-	-	(16,626,349)	16,626,349	-	-	-
Controlling interest in projects transferred (to) from non-affiliate	-	-	-	3,035,445	(2,957)	3,032,488	(3,032,488)	-
Non-controlling interest in projects transferred from non-affiliate	-	-	-	1,701,136	-	1,701,136	-	1,701,136
Capital contributions, net of distributions	-	-	-	40,802,836	(2,659,473)	38,143,363	5,587,597	43,730,960
Transfer of assets to affiliate	293,763	-	-	(293,763)	-	-	-	-
Net assets, end of year	<u>\$ 229,741,894</u>	<u>\$ 1,226,719</u>	<u>\$ 340,986</u>	<u>\$ 194,620,956</u>	<u>\$ (94,963,801)</u>	<u>\$ 330,966,754</u>	<u>\$ 74,758,730</u>	<u>\$ 405,725,484</u>

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINING SCHEDULES OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Cash flows from operating activities:								
Change in net assets	\$ 39,038,103	\$ (1,186,411)	\$ (117,906)	\$ (44,010,459)	\$ (15,460,915)	\$ (21,737,588)	\$ 3,332,543	\$ (18,405,045)
Adjustments to reconcile change in net assets to net cash provided by operating activities:								
Depreciation and amortization	255,575	11,713	6,412	48,907,927	7,645	49,189,272	(1,899,650)	47,289,622
Amortization of debt issuance costs	-	-	-	3,284,289	-	3,284,289	-	3,284,289
Net realized and unrealized gain on investments	(13,460)	-	-	-	-	(13,460)	-	(13,460)
Forgiveness of notes and interest payable	-	-	-	(1,520,000)	-	(1,520,000)	-	(1,520,000)
Contribution of sale proceeds from related parties	(12,000,000)	-	-	-	-	(12,000,000)	12,000,000	-
Loss from investment in partnerships and other companies	345,107	-	-	-	24,027,460	24,372,567	(24,372,567)	-
(Increase) decrease in assets:								
Impound deposits	-	-	-	(452,784)	46,819	(405,965)	-	(405,965)
Receivables	(16,361,372)	197,383	27,070	3,528,888	511,275	(12,096,756)	15,236,930	3,140,174
Interest receivable	(1,182,032)	-	-	-	-	(1,182,032)	1,182,032	-
Grants and contributions receivable	(1,241,387)	-	-	-	-	(1,241,387)	-	(1,241,387)
Prepaid expenses and other receivables	21,937	(240)	2,733	(380,991)	(17,629)	(374,190)	174,408	(199,782)
Tenant security deposits – cash	-	-	-	(340,410)	-	(340,410)	-	(340,410)
Increase (decrease) in liabilities:								
Accounts payable and accrued expenses	178,306	235,147	64,284	834,277	(270,160)	1,041,854	15,446	1,057,300
Related-party payable	(3,174)	1,154,807	39,075	(16,787,439)	-	(15,596,731)	15,596,731	-
Deferred revenue	-	-	-	(242,449)	(6,630)	(249,079)	-	(249,079)
Tenant security deposits – liability	-	-	-	340,410	(62,446)	277,964	-	277,964
Interest payable	(2,398)	-	-	12,082,090	13,080	12,092,772	(2,200,225)	9,892,547
Net cash provided by operating activities	9,035,205	412,399	21,668	5,243,349	8,788,499	23,501,120	19,065,648	42,566,768

EDEN HOUSING, INC. AND AFFILIATES  
COMBINING SCHEDULES OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Cash flows from investing activities:								
Net (increase) decrease in restricted cash	9,460,486	-	-	15,632,095	(45,421)	25,047,160	-	25,047,160
Net increase in investments in marketable securities	(13,335,586)	-	-	-	-	(13,335,586)	-	(13,335,586)
Net (increase) decrease in investments in related-parties and other companies	87,491	-	-	-	(20,976,355)	(20,888,864)	20,863,864	(25,000)
Net decrease in related-party advances	(2,425,550)	-	-	-	-	(2,425,550)	2,425,550	-
Net increase in notes receivable	(6,462,093)	-	-	-	(6,241,144)	(12,703,237)	7,877,297	(4,825,940)
Reimbursement of predevelopment expenditures	5,407,748	-	-	-	-	5,407,748	(5,407,748)	-
Purchase of property and equipment and net increase in development in progress	(9,288,024)	-	-	(145,329,880)	-	(154,617,904)	(2,133,080)	(156,750,984)
Net increase in deferred costs	-	-	-	(51,272)	-	(51,272)	-	(51,272)
Net cash used in investing activities	(16,555,528)	-	-	(129,749,057)	(27,262,920)	(173,567,505)	23,625,883	(149,941,622)
Cash flows from financing activities:								
Advances from line of credit	2,000,000	-	-	-	-	2,000,000	-	2,000,000
Payment of line of credit	(500,000)	-	-	-	-	(500,000)	-	(500,000)
Proceeds from related-party advances	-	-	-	-	2,398,266	2,398,266	(2,398,266)	-
Capital contributions, net of distributions	-	-	-	137,276,444	17,152,194	154,428,638	(33,237,523)	121,191,115
Payment of syndication costs	-	-	-	(474,664)	-	(474,664)	-	(474,664)
Payment of debt issuance costs	-	-	-	(6,585,247)	-	(6,585,247)	-	(6,585,247)
Payment of mortgages and notes payable	(120,682)	-	-	(249,160,280)	(273,826)	(249,554,788)	6,585,247	(242,969,541)
Proceeds from long-term debt	-	-	-	256,308,107	-	256,308,107	(13,640,989)	242,667,118
Net cash provided by financing activities	1,379,318	-	-	137,364,360	19,276,634	158,020,312	(42,691,531)	115,328,781
Net increase (decrease) in cash and cash equivalents	(6,141,005)	412,399	21,668	12,858,652	802,213	7,953,927	-	7,953,927
Cash and cash equivalents, beginning of year	19,040,667	634,485	284,233	24,144,247	2,794,470	46,898,102	-	46,898,102
Cash and cash equivalents, end of year	\$ 12,899,662	\$ 1,046,884	\$ 305,901	\$ 37,002,899	\$ 3,596,683	\$ 54,852,029	\$ -	\$ 54,852,029
Supplementary information:								
Cash paid for interest – net of capitalized portion	\$ 401,901	\$ -	\$ -	\$ 30,075,449	\$ -	\$ 30,477,350	\$ -	\$ 30,477,350
Noncash investing and financing activities:								
Transfer (to) from other consolidating column	\$ -	\$ -	\$ -	\$ (69,772,083)	\$ 69,772,083	\$ -	\$ -	\$ -

EDEN HOUSING, INC. AND AFFILIATES  
 COMBINING SCHEDULES OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Cash flows from operating activities:								
Change in net assets	\$ 60,368,359	\$ (2,697,195)	\$ (577,385)	\$ (55,220,588)	\$ (16,399,311)	\$ (14,526,120)	\$ (2,447,392)	\$ (16,973,512)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:								
Depreciation and amortization	269,911	16,083	8,309	44,502,412	12,500	44,809,215	(963,737)	43,845,478
Amortization of debt issuance costs	-	-	-	1,653,810	-	1,653,810	-	1,653,810
Net realized and unrealized gain on investments	(928,643)	-	-	-	-	(928,643)	-	(928,643)
Forgiveness of notes and interest payable	(2,969,157)	-	-	(739,615)	2,703,319	(1,005,453)	-	(1,005,453)
Termination of ground lease	1,261,519	-	-	(1,261,519)	-	-	-	-
Contribution of sale proceeds from related parties	(21,177,884)	-	-	-	-	(21,177,884)	21,177,884	-
(Gain) loss from investment in partnerships and other companies	(952,069)	-	-	-	15,315,185	14,363,116	(14,363,116)	-
(Increase) decrease in assets:								
Impound deposits	-	-	-	694,291	(46,697)	647,594	-	647,594
Receivables	(19,988,395)	1,212,331	266,369	(4,335,941)	2,054,397	(20,791,239)	15,168,370	(5,622,869)
Interest receivable	(2,531,327)	-	-	-	-	(2,531,327)	2,531,327	-
Grants and contributions receivable	533,489	-	-	-	-	533,489	-	533,489
Prepaid expenses and other receivables	1,305	2,609	44	(1,204,325)	754	(1,199,613)	-	(1,199,613)
Tenant security deposits – cash	-	-	-	(20,549)	-	(20,549)	-	(20,549)
Increase (decrease) in liabilities:								
Accounts payable and accrued expenses	367,878	193,033	(15,415)	(15,862,675)	148,080	(15,169,099)	16,241,503	1,072,404
Related-party payable	(415,830)	(1,999,906)	(155,513)	20,272,858	-	17,701,609	(17,701,609)	-
Deferred revenue	(75,903)	-	-	(61,481)	(18,630)	(156,014)	-	(156,014)
Tenant security deposits – liability	-	-	-	20,549	7,206	27,755	-	27,755
Interest payable	187,810	-	-	12,694,832	13,080	12,895,722	1,129,367	14,025,089
Net cash provided by (used in) operating activities	13,951,063	(3,273,045)	(473,591)	1,132,059	3,789,883	15,126,369	20,772,597	35,898,966

EDEN HOUSING, INC. AND AFFILIATES  
COMBINING SCHEDULES OF CASH FLOWS  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Cash flows from investing activities:								
Net (increase) decrease in restricted cash	2,550,566	-	-	(33,400,495)	(11,290)	(30,861,219)	-	(30,861,219)
Net increase in investments								
in marketable securities	(8,654,525)	-	-	-	-	(8,654,525)	-	(8,654,525)
Net decrease in investments								
in related-parties and other companies	308,044	-	-	-	4,596,929	4,904,973	(4,895,431)	9,542
Net increase in related-party advances	2,033,753	-	-	-	-	2,033,753	(2,033,753)	-
Net increase in notes receivable	(7,319,435)	-	-	-	(2,857,033)	(10,176,468)	19,894,723	9,718,255
Reimbursement of predevelopment expenditures	5,988,479	-	-	-	-	5,988,479	(5,988,479)	-
Purchase of property and equipment and								
net increase in development in progress	(3,762,775)	(2,958)	-	(128,861,422)	(3,814)	(132,630,969)	10,968,646	(121,662,323)
Net increase in deferred costs	-	-	-	(286,807)	-	(286,807)	-	(286,807)
Net cash provided by (used in)								
investing activities	(8,855,893)	(2,958)	-	(162,548,724)	1,724,792	(169,682,783)	17,945,706	(151,737,077)
Cash flows from financing activities:								
Advances from line of credit	3,379,953	-	-	-	-	3,379,953	-	3,379,953
Payment of line of credit	(5,694,847)	-	-	-	-	(5,694,847)	-	(5,694,847)
Payment of related-party advances	-	-	-	-	(3,087,300)	(3,087,300)	3,087,300	-
Capital contributions, net of distributions	-	-	-	38,762,409	(935,603)	37,826,806	(704,765)	37,122,041
Payment of syndication costs	-	-	-	(1,228,930)	-	(1,228,930)	-	(1,228,930)
Payment of debt issuance costs	-	-	-	(3,112,827)	-	(3,112,827)	-	(3,112,827)
Payment of mortgages and notes payable	(103,925)	-	-	(130,952,152)	(44,821)	(131,100,898)	3,112,827	(127,988,071)
Proceeds from long-term debt	804,023	-	-	261,964,566	-	262,768,589	(44,213,665)	218,554,924
Net cash provided by (used in)								
financing activities	(1,614,796)	-	-	165,433,066	(4,067,724)	159,750,546	(38,718,303)	121,032,243
Net increase (decrease) in cash and cash equivalents	3,480,374	(3,276,003)	(473,591)	4,016,401	1,446,951	5,194,132	-	5,194,132
Cash and cash equivalents, beginning of year	15,560,293	3,910,488	757,824	20,127,846	1,347,519	41,703,970	-	41,703,970
Cash and cash equivalents, end of year	\$ 19,040,667	\$ 634,485	\$ 284,233	\$ 24,144,247	\$ 2,794,470	\$ 46,898,102	\$ -	\$ 46,898,102



EDEN HOUSING, INC. AND AFFILIATES  
 COMBINING SCHEDULES OF CASH FLOWS  
 YEARS ENDED DECEMBER 31, 2018 AND 2017

	2017							
	<i>Eden Housing, Inc.</i>	<i>Eden Housing Management, Inc.</i>	<i>Eden Housing Resident Services, Inc.</i>	<i>Affordable Housing Properties</i>	<i>Other Entities</i>	<i>Pre-combined Total</i>	<i>Eliminations</i>	<i>Combined Total</i>
Supplementary information:								
Cash paid for interest – net of capitalized portion	\$ 214,091	\$ -	\$ -	\$ 25,804,920	\$ -	\$ 26,019,011	\$ -	\$ 26,019,011
Noncash investing and financing activities:								
Transfer (to) from other consolidating column	\$ -	\$ -	\$ -	\$ (16,626,349)	\$ 16,626,349	\$ -	\$ -	\$ -
Controlling interest in projects								
transferred (to) from non-affiliate	\$ -	\$ -	\$ -	\$ 3,035,445	\$ (2,957)	\$ 3,032,488	\$ (3,032,488)	\$ -
Non-controlling interest in projects								
transferred from non-affiliate	\$ -	\$ -	\$ -	\$ 1,701,136	\$ -	\$ 1,701,136	\$ -	\$ 1,701,136
Transfer of assets and liabilities to affiliates	\$ 4,267,420	\$ -	\$ -	\$ (293,763)	\$ -	\$ 3,973,657	\$ (3,973,657)	\$ -

**SUPPLEMENTARY INFORMATION:  
NEIGHBORWORKS AMERICA CAPITAL FUND**

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF FINANCIAL POSITION AND ACTIVITIES –  
NEIGHBORWORKS AMERICA CAPITAL FUND  
DECEMBER 31, 2018 AND 2017

	2018	2017
ASSETS		
Notes receivable:		
Assumed from another nonprofit developer	\$ 3,544,320	\$ 3,544,320
Awarded to EHI	175,000	175,000
Total assets	\$ 3,719,320	\$ 3,719,320
NET ASSETS		
Net assets:		
Net assets, beginning of year	\$ 3,719,320	\$ 3,719,320
Change in net assets – capital grants from NeighborWorks America	-	-
Net assets, end of year	\$ 3,719,320	\$ 3,719,320

**SUPPLEMENTARY INFORMATION:  
EDEN HOUSING, INC. ONLY**

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF FINANCIAL POSITION – EDEN HOUSING, INC. ONLY  
DECEMBER 31, 2018 AND 2017

	2018	2017
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents	\$ 12,899,662	\$ 19,040,667
Investments in marketable securities	38,097,636	24,748,590
Related-party receivables, net – current portion	24,387,141	14,269,460
Notes and interest receivable – current portion	6,273,695	4,224,442
Prepaid expenses and other receivables	27,000	48,938
Total current assets	81,685,134	62,332,097
Restricted cash	26,852,925	24,317,711
Notes and interest receivable – net of current portion	107,026,396	101,431,526
Related-party receivables, net – net of current portion	48,531,629	39,858,090
Grant and contributions receivable	1,552,636	311,249
Investments in related parties and other companies	636,771	1,069,369
Development in progress	7,975,095	4,128,737
Property and equipment, net	2,547,809	2,731,388
Total assets	\$ 276,808,395	\$ 236,180,167
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities:		
Accounts payable and accrued expenses	\$ 1,547,970	\$ 1,369,665
Line of credit	1,500,000	-
Interest payable – current portion	19,383	21,780
Notes payable – current portion	95,472	101,432
Total current liabilities	3,162,825	1,492,877
Accounts payable – development	77,773	39,695
Related-party payable	119,116	122,296
Notes payable – net of current portion	4,668,684	4,783,405
Total liabilities	8,028,398	6,438,273
Net assets:		
Without donor restrictions:		
Undesignated	225,484,908	192,216,989
Board-designated funds	39,575,769	33,805,585
Total without donor restrictions	265,060,677	226,022,574
With donor restrictions	3,719,320	3,719,320
Total net assets	268,779,997	229,741,894
Total liabilities and net assets	\$ 276,808,395	\$ 236,180,167

*Amounts do not include EHI's controlled LLCs, Eden Del Nido LLC, Light Tree Land LLC, and Eden Pratt Development LLC, and directly-owned project, Grove Way and 10<sup>th</sup> & D.*

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF ACTIVITIES – EDEN HOUSING, INC. ONLY  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Support and revenue:						
Development fees	\$ 28,997,170	\$ -	\$ 28,997,170	\$ 31,098,351	\$ -	\$ 31,098,351
Management fees	3,207,862	-	3,207,862	4,184,682	-	4,184,682
Ground lease income	501,393	-	501,393	465,667	-	465,667
Grants and contributions	6,269,946	-	6,269,946	3,089,320	-	3,089,320
Interest income and net investment return	3,009,246	-	3,009,246	3,843,622	-	3,843,622
Pass-through income (loss) from equity method investments	(345,107)	-	(345,107)	969,594	-	969,594
Other income	161,301	-	161,301	282,376	-	282,376
Total support and revenue	41,801,811	-	41,801,811	43,933,612	-	43,933,612
Expenses:						
Program expenses:						
Affordable housing development	5,095,131	-	5,095,131	5,591,817	-	5,591,817
Supporting services:						
Management and general	2,242,428	-	2,242,428	2,277,656	-	2,277,656
Total expenses	7,337,559	-	7,337,559	7,869,473	-	7,869,473
Change in net assets before other income (expenses)	34,464,252	-	34,464,252	36,064,139	-	36,064,139

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF ACTIVITIES – EDEN HOUSING, INC. ONLY  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>	<i>Without Donor Restrictions</i>	<i>With Donor Restrictions</i>	<i>Total</i>
Other income (expenses):						
Deferred interest expense	-	-	-	(348,792)	-	(348,792)
Depreciation and amortization	(255,576)	-	(255,576)	(269,911)	-	(269,911)
Contributions from related parties	14,201,310	-	14,201,310	26,374,283	-	26,374,283
Contributions to related parties	(9,371,883)	-	(9,371,883)	(3,158,998)	-	(3,158,998)
Forgiveness of debt	-	-	-	2,969,157	-	2,969,157
Termination of ground lease	-	-	-	(1,261,519)	-	(1,261,519)
Total other income (expenses)	4,573,851	-	4,573,851	24,304,220	-	24,304,220
Change in net assets	39,038,103	-	39,038,103	60,368,359	-	60,368,359
Net assets, beginning of year	226,022,574	3,719,320	229,741,894	165,360,452	3,719,320	169,079,772
Transfer of assets to affiliate	-	-	-	293,763	-	293,763
Net assets, end of year	\$ 265,060,677	\$ 3,719,320	\$ 268,779,997	\$ 226,022,574	\$ 3,719,320	\$ 229,741,894

*Amounts do not include EHI's controlled LLCs, Eden Del Nido LLC, Light Tree Land LLC, and Eden Pratt Development LLC, and directly-owned project, Grove Way and 10<sup>th</sup> & D.*

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF FUNCTIONAL EXPENSES – EDEN HOUSING, INC. ONLY  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018			2017		
	<i>Program Services</i>	<i>Management and General</i>	<i>Total</i>	<i>Program Services</i>	<i>Management and General</i>	<i>Total</i>
Grants and other assistance to organizations	\$ 359,664	\$ -	\$ 359,664	\$ 25,408	\$ 20,533	\$ 45,941
Grants and other assistance to individuals	71,961	-	71,961	-	32,033	32,033
Salaries and wages	3,183,643	1,160,881	4,344,524	3,365,636	1,315,498	4,681,134
Pension plan accruals and contributions	109,732	47,164	156,896	118,490	48,182	166,672
Other employee benefits	225,054	218,957	444,011	308,629	132,471	441,100
Payroll taxes	230,641	73,677	304,318	223,677	78,204	301,881
Legal fees	26,138	51,809	77,947	5,465	34,467	39,932
Accounting fees	130,410	-	130,410	900	56,604	57,504
Other fees for services	449,047	224,640	673,687	1,178,950	153,745	1,332,695
Advertising and promotion	454	-	454	-	-	-
Office expenses	5,705	208,727	214,432	120,804	190,142	310,946
Information technology	833	62,366	63,199	60,106	15,568	75,674
Occupancy: utilities	-	13,803	13,803	12,413	3,103	15,516
Occupancy: repairs and maintenance	7,375	15,844	23,219	15,715	3,929	19,644
Occupancy: real estate taxes	-	356	356	-	169	169
Occupancy: property and liability insurance	-	2,534	2,534	2,033	508	2,541
Travel	63,183	25,372	88,555	62,537	32,793	95,330
Conferences, conventions and meetings	56,143	134,431	190,574	17,437	78,369	95,806
Other insurance	11,261	-	11,261	13,783	24,435	38,218
Mortgage interest	163,887	-	163,887	53,110	-	53,110
Ground lease	-	-	-	6,724	-	6,724
Other	-	1,867	1,867	-	56,903	56,903
<b>Total expenses reported by function on the schedules of activities</b>	<b>5,095,131</b>	<b>2,242,428</b>	<b>7,337,559</b>	<b>5,591,817</b>	<b>2,277,656</b>	<b>7,869,473</b>
Other expenses:						
Deferred interest expense	-	-	-	348,792	-	348,792
Depreciation and amortization	255,576	-	255,576	269,911	-	269,911
Contributions to related parties	9,371,883	-	9,371,883	3,158,998	-	3,158,998
Termination of ground lease	-	-	-	1,261,519	-	1,261,519
<b>Total expenses</b>	<b>\$ 14,722,590</b>	<b>\$ 2,242,428</b>	<b>\$ 16,965,018</b>	<b>\$ 10,631,037</b>	<b>\$ 2,277,656</b>	<b>\$ 12,908,693</b>

*Amounts do not include EHI's controlled LLCs, Eden Del Nido LLC, Light Tree Land LLC, and Eden Pratt Development LLC, and directly-owned project, Grove Way and 10<sup>th</sup> & D.*



EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF CASH FLOWS – EDEN HOUSING, INC. ONLY  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from operating activities:		
Change in net assets	\$ 39,038,103	\$ 60,368,359
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	255,575	269,911
Net realized and unrealized gain on investments	(13,460)	(928,643)
Forgiveness of notes and interest payable	-	(2,969,157)
Termination of ground lease	-	1,261,519
Contribution of sale proceeds from related parties	(12,000,000)	(21,177,884)
(Gain) loss from investment in partnerships and other companies	345,107	(952,069)
(Increase) decrease in assets:		
Receivables	(16,361,372)	(19,988,395)
Interest receivable	(1,182,032)	(2,531,327)
Grants and contributions receivable	(1,241,387)	533,489
Prepaid expenses and other receivables	21,937	1,305
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	178,306	367,878
Related-party payable	(3,174)	(415,830)
Deferred revenue	-	(75,903)
Interest payable	(2,398)	187,810
	9,035,205	13,951,063

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF CASH FLOWS – EDEN HOUSING, INC. ONLY  
YEARS ENDED DECEMBER 31, 2018 AND 2017

	2018	2017
Cash flows from investing activities:		
Net decrease in restricted cash	9,460,486	2,550,566
Net increase in investments in marketable securities	(13,335,586)	(8,654,525)
Net decrease in investments in related-parties and other companies	87,491	308,044
Net (increase) decrease in related-party advances	(2,425,550)	2,033,753
Net increase in notes receivable	(6,462,093)	(7,319,435)
Reimbursement of predevelopment expenditures	5,407,748	5,988,479
Purchase of property and equipment and net increase in development in progress	(9,288,024)	(3,762,775)
Net cash used in investing activities	(16,555,528)	(8,855,893)
Cash flows from financing activities:		
Advances from line of credit	2,000,000	3,379,953
Payment of line of credit	(500,000)	(5,694,847)
Payment of mortgages and notes payable	(120,682)	(103,925)
Net cash provided by (used in) financing activities	1,379,318	(1,614,796)
Net increase (decrease) in cash and cash equivalents	(6,141,005)	3,480,374
Cash and cash equivalents, beginning of year	19,040,667	15,560,293
Cash and cash equivalents, end of year	\$ 12,899,662	\$ 19,040,667
Supplementary information:		
Cash paid for interest – net of capitalized portion	\$ 401,901	\$ 214,091
Noncash investing and financing activities:		
Transfer of assets and liabilities to affiliates	\$ -	\$ 4,267,420

*Amounts do not include EHI's controlled LLCs, Eden Del Nido LLC, Light Tree Land LLC, and Eden Pratt Development LLC, and directly-owned project, Grove Way and 10<sup>th</sup> & D.*

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF RELATED-PARTY RECEIVABLES –  
EDEN HOUSING, INC. ONLY  
DECEMBER 31, 2018 AND 2017

Related-party receivables as of December 31, 2018 and 2017 are as follows:

	<u>2018</u>	<u>2017</u>
Receivable:		
Developer fees	\$ 52,154,759	\$ 37,304,681
Advances for general partner equity and other long-term purposes	10,457,508	8,190,382
Incentive, asset and partnership management fees	5,926,460	5,062,767
Ground leases	2,733,977	2,232,584
Advances for operations and other short-term purposes	1,674,711	1,539,749
Advances for development costs	1,201,012	1,136,625
Other	270,343	216,036
Total	<u>74,418,770</u>	<u>55,682,824</u>
Less: allowance for doubtful collections	<u>(1,500,000)</u>	<u>(1,555,274)</u>
	72,918,770	54,127,550
Less: current portion	<u>(24,387,141)</u>	<u>(14,269,460)</u>
Long-term portion	<u>\$ 48,531,629</u>	<u>\$ 39,858,090</u>

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF NOTES RECEIVABLE –  
EDEN HOUSING, INC. ONLY  
DECEMBER 31, 2018 AND 2017

Notes receivable as of December 31, 2018 and 2017 are as follows:

	2018	2017
Seller carryback notes	\$ 57,965,706	\$ 60,742,392
Sponsor notes	38,070,738	28,479,373
NWA project notes assumed from another nonprofit developer	3,544,320	3,544,320
Reserve funding note	2,965,637	2,988,448
Equity funding note	1,300,000	1,300,000
Solar project notes	79,842	111,052
Other project notes <sup>(1)</sup>	1,781,928	2,031,986
Total notes receivable	105,708,171	99,197,571
Interest receivable	7,591,920	6,458,397
Total notes and interest receivable	113,300,091	105,655,968
Less: current portion	(6,273,695)	(4,224,442)
Long-term portion	\$ 107,026,396	\$ 101,431,526

<sup>(1)</sup> These pertain to financing provided by EHI to other affiliates for development and other project-specific purposes.

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY  
DECEMBER 31, 2018 AND 2017

Notes payable of Eden Housing, Inc. secured by property unless otherwise noted are as follows:

	2018		2017	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
<u><i>Equity Equivalent Investment Notes</i></u>				
Wells Fargo Community Development Corporation, bears simple interest at 2%, interest-only paid quarterly until February 2, 2022, and thereafter, principal and interest payments due quarterly to fully amortize by maturity, February 2, 2024.	\$ 10,000	\$ 2,000,000	\$ 10,000	\$ 2,000,000
Union Bank, in an original amount of \$1,500,000, bears simple interest at 2.5%, interest paid quarterly with principal and any unpaid interest due in full on maturity. Subsequent to December 31, 2018, the loan was extended to April 1, 2020.	9,375	1,500,000	9,375	1,500,000
Total equity equivalent investment notes	19,375	3,500,000	19,375	3,500,000
<u><i>Amortizing / Interest-Only Notes</i></u>				
<u><i>Grand C Office Building</i></u>				
California Community Reinvestment Corporation, in an original amount of \$700,000, with monthly installments of principal and interest of \$4,517, bears simple interest at 6.7%, and is due on June 20, 2022.	-	593,998	-	607,894
<u><i>Grand/C L.P.</i></u>				
City of Hayward, for the development of affordable rental housing, maximum amount \$507,000, with monthly payments of principal and interest in the amount of \$4,452, bears simple interest at 5.1% per annum, and due on the earliest of a transfer of the development or any portion thereof other than a transfer as permitted or approved by the Agency, or occurrence of a default, or February 1, 2022.	-	167,196	-	210,880

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY  
DECEMBER 31, 2018 AND 2017

	2018		2017	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
<u>Arroyo Vista</u>				
Enterprise Community Loan Fund, Inc., for predevelopment costs, in an original amount of \$160,000, with monthly payments of principal and interest in the amount of \$1,741, bears simple interest at 7.5% per annum, and due December 31, 2020.	8	36,562	-	53,958
Enterprise Community Partners, Inc., for predevelopment costs, with monthly payments of interest only in the amount of \$344, bears simple interest at 2% per annum and due December 31, 2020.	-	200,000	-	200,000
<u>Solar Project</u>				
The San Francisco Foundation, in an original amount of \$500,000, with semi-annual payments of principal and interest in the amount of \$17,234, bears compounded interest at 5%, and is due on July 1, 2020.	-	49,042	2,405	94,748
Total amortizing / interest-only notes	8	1,046,798	2,405	1,167,480
<u>Deferred Notes</u>				
<u>Tyrell Gardens</u>				
Funds due to the City of Hayward upon collection from homeowners.	-	217,358	-	217,358
Total	19,383	4,764,156	21,780	4,884,838
Less: current portion	(19,383)	(95,472)	(21,780)	(101,432)
Non-current portion	\$ -	\$ 4,668,684	\$ -	\$ 4,783,406

EDEN HOUSING, INC. AND AFFILIATES  
SCHEDULES OF CONTROLLING INTEREST – BOARD-DESIGNATED  
FUNDS – EDEN HOUSING, INC. ONLY  
DECEMBER 31, 2018 AND 2017

Board-designated funds consist of the following as of December 31, 2018 and 2017:

	2018	2017
Unrestricted cash and investments – program funds	\$ 20,010,200	\$ 16,667,414
Restricted cash	-	539,000
Related-party receivables	6,702,007	4,876,346
Notes receivable	6,623,001	6,677,153
Investments in related parties and other companies	2,853,319	2,400,830
Development in progress	3,387,242	2,644,842
Total board-designated net assets	\$ 39,575,769	\$ 33,805,585