Hamilton Drive
Mill Valley, CA

Marin County Housing Trust Fund

Application for Funding – HAMILTON DRIVE

EAH HOUSING 50 YEARS OF SERVICE

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February 17, 2022

Leelee Thomas
Deputy Director of Housing and Federal Grants
County of Marin
3501 Civic Center Drive, Suite 308
San Rafael, CA 94903
lthomas@marincounty.org

Regarding: EAH NOFA Submittal - Affordable Housing Developer 1 Hamilton Drive

Dear Ms. Thomas,

On behalf of EAH, Inc. ("EAH"), please accept this submittal in response to the Notice of Funding for Marin County Affordable Housing Funds and Permanent Local Housing Allocation funds.

Founded over 50 years ago, EAH is a deeply experienced and well-capitalized nonprofit corporation grounded in the belief that attractive, permanently affordable rental housing is the cornerstone to sustainable communities. Since 1968, we have developed or acquired over 100 properties with an estimated aggregate value of over $2 billion (current dollars), we presently manage over 13,000 unit leases within 87 municipalities across California and Hawaii, and our capital partners are deploying close to $870M to advance EAH's current development pipeline. In short, our track record demonstrates our capacity to conceive, finance, develop, manage, and sustain add-value community endeavors within Marin County.

EAH has a strong focus on developments that are urban/suburban infill, transit-oriented and amenities rich, employment-centered, mixed income and mixed use. EAH has been at the forefront in utilizing a variety of financial products available through federal and local programs to acquire, build, rehabilitate and preserve thousands of affordable units.

EAH currently owns and operates 34 affordable housing developments totaling more than 950 units in Marin County, below are some representative developments across the Bay Area:

- **San Clemente Place** | Family | 79 units | New Construction | 2008 | *Corte Madera, CA*
- **Shelter Hill** | Family | 75 units | Renovation | 2013 | *Mill Valley, CA*
- **Drake's Way** | Family | 24 units | New Construction | 2009 | *Larkspur, CA*
- **Camilla Place** | Family | 112 units | New Construction | 2007 | *Dublin, CA*
- **Estrella Vista** | Family | 87 units | New Construction | 2020 | Emeryville*, CA*

Extending our experience is a deeply experienced and multi-disciplinary team, all of whom have direct experience guiding public/private partnership initiatives to successful completion within Marin County, the greater Bay Area, and throughout California. At this early stage of project concept, we have a project team which includes the following key members:

- **EAH** (Development, Property Management, Resident Services)
- **Van Meter Williams Pollack LLP** (Architect and Lead Design)
- **Adobe Associates Inc** (Civil Engineer)

With deep and long-established roots in Marin County, EAH is eager to move forward the development at 1 Hamilton. With the County's financial support, we are confident that we can build a community that will support low-income families in Marin with the highest quality affordable housing.

Sincerely,

Welton Jordan

Chief Real Estate Development Officer

415-295-8876

Welton.Jordan@eahhousing.org

1. Summary

EAH Housing is a non-profit, public benefits corporation based in Marin County that has a mission of expanding the range of opportunities for all by developing and managing quality affordable housing. To further this mission EAH has responded to a Request for Qualifications from the City of Mill Valley to develop and manage an affordable housing community on a City owned parcel on Hamilton Drive. In September 2021, EAH was selected as the development partner and in February 2022, an Exclusive Negotiating Agreement was approved that outlines the initial feasibility studies and analysis required to assess the potential of development on the Hamilton Drive property.

The initial phase of feasibility and site-specific studies require a team of professionals such as an architect, civil engineer, soils engineer and environmental consultants. EAH is requesting $1,000,000 from the Marin Housing Trust Fund to help cover the expenses related to the feasibility analysis and additional cost required to obtain entitlements. More specifically, these funds will be used to hire an architect to design a site plan, assess total unit yield and create schematic designs for design review and entitlement processing. The funds will also help pay for topographical and boundary surveys by a civil engineer, a Biological Resources Constraints Analysis completed by an environmental consultant and other reports and studies from a team of consultants and professionals.

The proposed area of development is approximately 1.62 acres at the northern portion of 1 Hamilton Drive, Mill Valley that is owned by the City of Mill Valley. The site is mostly undeveloped but does have an existing parking lot of 36 parking stalls and a public restroom. EAH and the City of Mill Valley are very early in the development timeline and no specific development has been proposed and the number of units and the unit mix is still undetermined.

2. Background and Applicant Experience

2.1 Property History

1 Hamilton Drive is owned by the City of Mill Valley and is a 11.67 acre parcel that includes a public service building on the southern portion and a public park on the western portion. The site also includes a public parking lot and public bathroom on the northern portion between Hamilton Drive and Roque Moraes Drive.

On September 20, 2021, Mill Valley City Council declared the northern portion of the site "exempt surplus property". The proposed development area of approximately 1.62 acres will be subdivided from the larger 11.67 acres and is to be developed as a 100 percent affordable housing development.

On February 7, 2022, Mill Valley City Council authorized staff to enter into an Exclusive Negotiating Agreement (ENA) with EAH which allows both parties until September 1, 2023 to negotiate a Disposition and Development Agreement (DDA). The DDA will further define the lease or sale of the property.

2.2 Applicant Profile

EAH Housing (EAH Inc.) is a 501(c)(3) not-for-profit organization, established in 1968. EAH was founded in response to the death of Dr. Martin Luther King, Jr. to address the housing needs of low income families, people with special needs, supportive housing, and older adults.

EAH is one of the oldest and most experienced nonprofit housing management and development organizations in the western United States. Established in Northern California, EAH Housing has long since expanded beyond the borders of its original home. Serving over 25,000 residents daily, EAH has grown to a staff of over 600 highly skilled and dedicated employees in 23 counties in California and Hawai'i. EAH continues to believe after 50 years of service that attractive affordable housing is the cornerstone to sustainable, healthy and livable communities.

It takes the talents of many dedicated team members to see the mission and vision of EAH Housing to fruition. Please see the EAH Leadership and Key Staff attachment for additional qualifications.

Operations

The Operations Division provides support, supervision, direction, and coordination for all of the following departments:

- Business Systems
- Communications
- Human Resources
- Information Technology

Finance and Accounting

The Finance and Accounting Department is responsible for the financial record keeping for all properties, development projects and corporate departments. The department also prepares profit and loss analyses and fifteen-year forecasts, and tracks capital accounts:

- Assist Real Estate Management Department with annual budget preparation
- Maintain financial records
- Schedule annual audits and assist the auditors
- Track all cash flow
- Reconcile all bank accounts
- Prepare monthly financials

Real Estate Management

The Real Estate Management Department is responsible for all services ranging from resident services to property and facilities/ asset management. The department provides the primary communications link between property management, our residents, ownership and regulatory agencies. Headed by the Vice President of Real Estate Management (REM), this department coordinates the efforts of:

- Property Supervisors
- Resident Managers
- Compliance Specialists
- Maintenance Supervisors
- Resource Coordinators

Real Estate Development

Across numerous counties and two states, the Real Estate Development Department handles the specific needs of each municipality to ensure that new affordable housing communities are successfully built. The department carries out all phases of housing development services:

- Site Identification
- Project Design
- Community Acceptance
- Predevelopment, Construction, Equity, and Mortgage Financing
- Regulatory Approvals, Entitlements, Zoning, Environmental Clearances
- Project Construction

Advocacy and Outreach

For more than five decades, EAH Housing has been at the forefront of outreach and advocacy, hiring its first full-time staff person to work on community acceptance issues in 1977. Today, EAH continues this tradition through public presentations and lectures, voter registration, trainings, resource referrals, resident communications, and strategy discussions with government leaders (local, state and federal). EAH Housing is a member of numerous advocacy organizations from local grassroots groups, chambers of commerce and housing organizations, to state and national advocacy and professional organizations, to promote policies/projects that fund affordable housing and increase opportunities for our resident populations.

- Housing advocacy and outreach organizations - local, regional, state and federal
- Community building and regional affordable housing networks

EAH Housing Real Estate Development Expertise

Experience. Working throughout California and Hawai'i, EAH Housing has developed and acquired over 8,400 units of affordable housing in 106 properties since 1968. These properties have an estimated aggregate development cost of over $2.2 billion. Today, EAH has over 1,000 affordable homes under construction within 8 separate projects, and is advancing another 2,000+ homes within 23 separate projects through active predevelopment work. Our properties are extremely well-designed, and built to be sustainable and financially self-sufficient. Our management team assures a lifetime of care.

Our Real Estate Development team supports all phases of development services:

- Site Identification and Project Design
- Rehabilitation and Resident Relocation
- Community Outreach and Acceptance
- Financing: Predevelopment, Construction, Equity, and Mortgage Financing
- Regulatory Approvals, Entitlements, Zoning, Environmental Clearances
- Project Construction. Lease-up and Stabilization

Local Context. EAH Housing communities range from rural, low-density complexes in Northern California, to the 32-story Kukui Tower in Honolulu. They include homes for older adults, large and small families, veterans, persons with disabilities, student housing and affordable workforce housing. Each community fits local needs.

Track Record. The EAH Housing Real Estate Development Department has an award-winning track record, with half a century of real estate development experience in projects ranging from traditional to complex. EAH residential communities have received numerous awards for architectural design and commendations from legislators at the federal, state and local levels.

Regulatory Expertise. Across two states and numerous counties, the EAH team handles the specific needs of each municipality and follows through to ensure that new affordable housing communities are successfully built and that all requirements, including monitoring and reporting, are met.

Commitment. As a mission-driven housing non-profit, we are in it for the long term and work to prevent the loss of as many affordable units as we can. Every year, in addition to new construction and property management, EAH Housing completes approximately two to four property acquisitions or rehabilitations to prevent displacement of low-income households and improve our current assets to preserve them as affordable in perpetuity.

2.3 Project Manager

Bianca Neumann is responsible for growing the new construction pipeline for EAH Housing throughout Northern California. As the Director of Development, she researches and identifies new opportunities, working with city housing staff, advocates, and others to facilitate the development of new affordable housing communities.

Ms. Neumann brings more than 15 years of related experience to this position, including expertise in multi-family development, finance, public policy, and asset management. Most recently, she was a Senior Business Development Manager at MidPen Housing, where Ms. Neumann played a vital role in securing eight new affordable housing communities throughout the Bay Area, including projects in San Mateo, Alameda and San Francisco's first affordable educator housing development.

Bianca will allocate 25% of her time to the 1 Hamilton Drive project and will be supported by the Director of Real Estate Development (Denice Wint) and Chief Real Estate Development Officer (Welton Jordan) along with a yet to be assigned assistant project manager.

2.4 Property Manager

EAH Housing Property Management Expertise

EAH Housing understands that professional management of the physical asset, neighborhood relationships, local leadership and increasing resident quality of life is the key to a successful development. For us, a roof is just the beginning.

Local Context. EAH Housing has a distinctive property management model that incorporates customization based on location and population, excellence in resident services, ongoing employee training, and a reputation for conscientious site managers. Our management portfolio of 10,000 unit leases ranges from rural, low-density duplexes, to urban and suburban garden-style walk-ups, to a 32-story downtown tower. It includes apartment homes for older adults, large and small working families, veterans, persons with disabilities, students, and people transitioning from homelessness. Across its 50 year history, EAH has experience managing both its own properties and the portfolios of others, adopting them into the family of EAH properties to create local and regional support networks, encourage their impeccable upkeep, and integrate within local communities.

Management Model. The EAH Housing Real Estate Management team provides complete property management and asset management services, combined with a commitment to people. Ongoing training through ***"EAH University"*** ensures that staff are well-prepared to meet all resident needs.

- Proven expertise in Tax Credit programs & HUD compliance
- EAH core values drive our management style
- Trained teams at all levels of property management
- Budgeting and fiscal oversight
- Green operations & maintenance
- Customized management style
- Social return on investment
- Strengths-based, trauma-informed approaches

Financial Reporting. EAH Housing is highly regarded for the quality of its financial reporting and other regulatory work. EAH provides the financial status of each community on a consistent basis with in-depth, interactive description personalized to each asset and client.

- Quarterly, bi-annual, and annual reports are prepared under the compliance guidelines of the housing program, and at the request of Owners or Boards.
- Monthly reports provided by the on-site management team offer insight into projects, accomplishments, and changes ongoing at each community.

EAH Housing is the recipient of multiple national awards and numerous commendations for exemplary property management from the United States Department of Housing and Urban Development (HUD), and from legislators on the federal, state and local levels. To see a list, please visit our website: **www.eahhousing.org/eah/awards-commendations**

Third-Party Clients. Our clients trust EAH to treat each property and each resident as a cherished member of the EAH family. We enjoy an excellent reputation with our residents through open lines of communication and a responsive management staff.

Commitment. As a mission-driven housing non-profit, we are in it for the long term and work to prevent the loss of as many affordable units as we can. Every year, in addition to ongoing property management and new construction, EAH Housing completes approximately two to four property acquisitions or rehabilitations to prevent displacement of low-income households and improve current assets to preserve them for future generations.

Compliance and Regulatory Reporting

With over 50 years of real estate experience in developing, managing and operating affordable housing developments, EAH Housing has developed a robust compliance system to ensure all our properties meet with the myriad of financing requirements that relate to income-eligibility of our residents.

Highly skilled professionals coupled with ongoing training, leads to consistent oversight of each EAH affordable housing community.

Expertise of the EAH compliance team extends to:

- Low Income Housing Tax Credit (LIHTC) regulatory environment
- Department of Housing and Urban Development (HUD) programs
- Section 8 HAP Contracts/Housing Choice Vouchers (HCV)
- Project-Based Vouchers (PBV)
- HOME, CDBG, and other programs
- Local, state and federal laws and regulations in affordable multifamily housing development

The EAH Compliance Department provides compliance monitoring and training to all EAH staff, both on and off site, who are responsible for maintaining compliance, income verification and certification functions, monthly HUD payment voucher duties and all monthly and annual reporting for EAH properties. The EAH Compliance Director oversees a compliance team assigned to portfolio properties by region. Members of the compliance team:

- Monitor sites for regulatory and company policy compliance
- Evaluate projects and provide assistance to ensure managers are compliant
- Guide initial certifications upon new construction lease up
- Ensure compliance during property acquisition transitions
- Assist in annual recertifications

Public Contractual Relationships

EAH Housing has well established relationships with private owners and developers and is also a contracted management partner of several publicly owned properties:

- City and County of Honolulu
- Contra Costa Housing Authority
- County of Kauai
- Marin Housing Authority
- Oakland Housing Authority

StayWell! Resident Services

StayWell! is the EAH Housing resident services initiative, ensuring enrichment and quality of life for our residents whether youth, adults or seniors. The Resident Services team at EAH Housing focuses on helping residents access helpful and necessary resources to maximize their ability to maintain stable housing.

Our service philosophy is based on providing compassionate, individualized, voluntary services designed to help residents meet their own goals. Services are offered through a coordinated effort between an onsite resource coordinator, the Resident Services department, real estate management staff, community providers, and the residents themselves. This inclusive approach ensures cohesion, creativity, and overall quality of service delivery.

Health & Wellness. Various programs created by EAH Resource Coordinators promote engagement with the community, camaraderie between residents and support networks among local neighbors. Sample activities include: gardening groups, food pantries, community gatherings, and exercise clubs.

Financial Literacy & Workforce Readiness. EAH considers it a top priority to help residents secure and maintain their housing status. Residents benefit from services like financial counseling, credit counseling, fraud prevention, job skills training and money management workshops, which provide tools for financial well-being, particularly for families and individuals in transition.

Digital Literacy & Technology. Every new EAH development has common area internet access for residents and property-wide WiFi where possible. In the HUD western region, EAH was a pioneer with computer labs in affordable housing properties. Today, it is our goal to continuously bridge the digital divide for residents as technology becomes more vital to the functions of everyday life – from homework assignments and education, to communications, banking, bill paying, benefits and employment.

3. Site

3.1 Site Control

On February 7, 2022, Mill Valley City Council authorized staff to enter into an Exclusive Negotiating Agreement (ENA) with EAH which allows both parties until September 1, 2023 to negotiate a Disposition and Development Agreement (DDA). The DDA will further define the lease or sale of the property. The ENA is provided as an attachment to this application.

3.2 Unusual Characteristics

The site has a number of unique characteristics. While the existing parking area is relatively flat the remaining property has extensive topography, raising approximately 60' from the street above to the parking area below. The upper street drops the 60' to the sites corner at the intersection. The parcel is shaped similar to a teardrop or flatiron coming to a point. The upper street drops to the point while Hamilton extends along the frontage widening to the parking area. The elongated tail is thin and sloped, requiring a unique building type.

3.3 Existing Developments

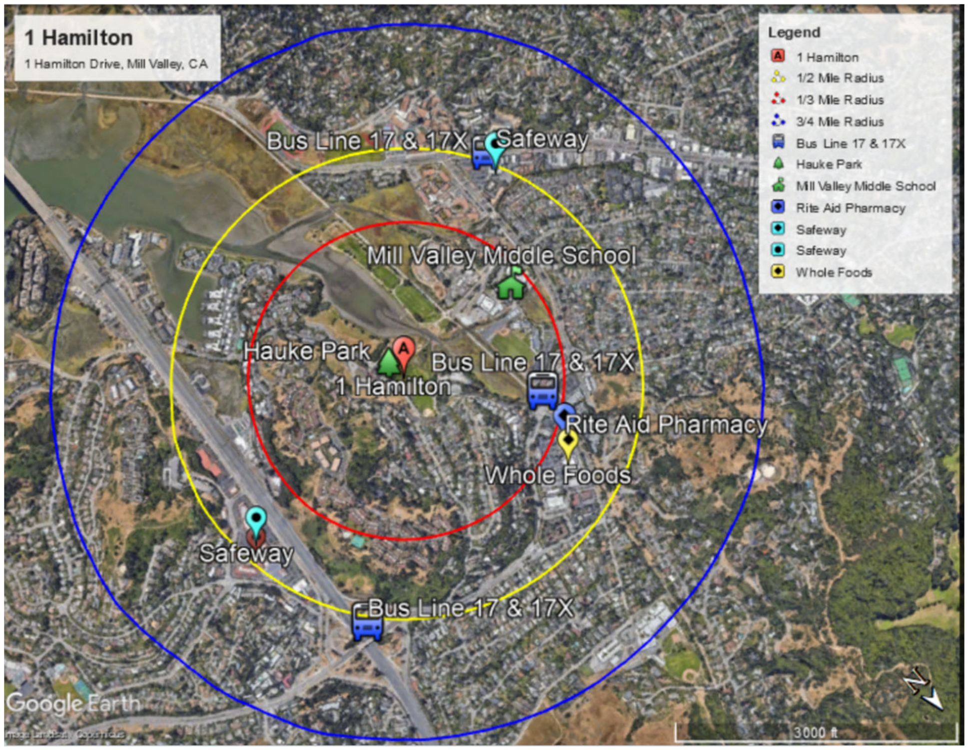
There have not been any Inspection reports for the existing facilities. Much of the site is open landscape grasses on the sloped portions of the property. The primary construction is a parking lot and a small restroom facility for the play fields which are anticipated to be relocated to the site selected by the City and community. There are a few large pine trees on the site.

3.4 Adjacent Uses

The site is adjacent to a active sports park with soccer, baseball and young children's play areas. Adjacent is also the Public Safety Building with Fire and Police facilities. Above the site across the street is a single-family neighborhood which looks over the top of the project site.

3.5 Neighborhood Amenities

There are various amenities within a ½ mile radius from 1 Hamilton Drive. Amenities such as, but not limited to: Bus Line 17 & 17X, Hauke Park, Rite Aid Pharmacy, Safeway, Whole Foods Mill Valley Middle School and Tamalpais High School. There is a list of these amenities with their specific address below.



Transit Bus Line 17 & 17X (Approximately 0.31 miles or 1,623 ft. from 1 Hamilton Drive)
Bus stop at E. Blithedale Avenue & Lomita Drive
Bus stop at E. Blithedale Avenue at Kippling Drive
Bus stop at E. Blithedale and Camino Alto
Bus stop at Camino Alto and Miller Ave

Services range between 20 to 40 minutes during the hours of 7-9 a.m. and 4-6 p.m., Monday through Friday.

Hauke Park (Approximately 0.03 miles or 135 feet from 1 Hamilton)
1 Hamilton Drive, Mill Valley, CA 94941 P: (415) 383-1370

Rite Aid Pharmacy (Approximately 0.35 miles or 1,844 feet from 1 Hamilton)
701 E. Blithedale Avenue, Mill Valley, CA 94941 P: (415) 388-2546
Locations.riteaid.com

Mill Valley Middle School (Approximately 0.32 miles or 1,670 feet from 1 Hamilton)
425 Sycamore Avenue, Mill Valley, CA 94941 P: (415) 389-7711
www.mvsschools.org

Whole Foods Market (Approximately 0.33 miles or 1,715 feet from 1 Hamilton)
731 E Blithedale Avenue, Mill Valley, CA 94941 P: (415) 381-3900
www.wholefoodsmarket.com/stores/blithedale

Safeway (Approximately 0.49 miles or 2,524 feet from 1 Hamilton Drive)
1 Camino Alto, Mill Valley, CA 94941 P: (415) 388-6216

3.6 Environmental Issues

EAH and Mill Valley staff are still in the exploratory phase of this development and have not identified any environmental issues at this point. Initial environmental studies have been ordered, including environmental limitations and phase 1 report. The Hydrology/Geomorphology/Drainage assessment will be conducted by the civil engineer to prepare a Storm Water Management Plan. We expect to receive these initial studies in March and April of 2022.

3.7 State and Federal Environmental

Site planning and preliminary design will help inform the environmental review required for any potential housing development. The level of environmental review will be determined once the scope of a proposed project is determined. At this early stage of feasibility, the project is not subject to California Environmental Quality Act (CEQA) because it does not meet the definition of a "project" by section 21065 of the Public Resources Code and section 15378(b) of the State CEQA Guidelines.

CEQA review requirements must and will be completed before any commitment to a housing development occurs and appropriate environmental review pursuant to CEQA will be completed and considered by the Mill Valley City Council at such time. A CEQA/NEPA consultant has been identified and the City is working to finalize a contract.

Should Federal funds, including but not limited to Project Based Vouchers (PBV's) or Community Development Block Grant (CDBG), be considered as a source, a National Environmental Policy Act (NEPA) Environmental Assessment will be conducted by a qualified consultant.

4. Development Plan

4.1 Entitlements

The proposed area of development is the northern portion of an 11.67 acre site that is home to a Public Safey Building, a parking lot and a public park. The development would require the approximately 1.62 acres northern portion to be subdivided from the larger parcel. Current zoning of the entire site is Outdoor Area (O-A), which does not allow residential construction, so the portion dedicated for housing would require a rezone. The rezoning process will be led by the City and done in parallel with the CEQA and entitlements submittals. The new zoning is yet to be determined.

The rezoning is a discretionary process and is subject to public input and comments. The entitlement process will also require design review and public hearings prior to approval. Although State laws such as SB35 allow for the streamlining of the entitlement process, we do not anticipate that we will pursue this path to entitlements.

Post entitlements, the development will be subject to typical building and grading permits associated with the construction of multi-family housing.

4.2 Local Planning Contact

Patrick Kelly
Director of Planning and Building
City of Mill Valley, CA
415-209-4039
pkelly@cityofmillvalley.org
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4.3 Population to be Served

The Hamilton site is proposed to be a permanently affordable rental community incorporating a mix of unit types and a range of rent tiers that supports a diversity of income-eligible tenants earning incomes from 30% to no more than 60% of AMI. While the program has yet to be defined, we anticipate that the most likely population to be served at this location is families.

4.4 Proposed Rehabilitation or Acquisition Scope

Not applicable, this is not a rehabilitation or acquisition proposal.

4.5 Rehabilitation or Acquisition Population to be Served

Not applicable, this is not a rehabilitation or acquisition proposal.

4.6 Relocation

Not applicable. The development site is unimproved and does not have any occupants.

4.7 Accessibility

Any proposed community will be an elevator-served building and thus it will have full accessibility to all apartments throughout the building. The project will meet California Building Codes including Accessibility Codes. The common areas will all meet codes for 11B while apartments will be designed to meet 11A standards. A specific number 5-10% will be built out fully and the remaining apartments will be readily adaptable.

4.8 Community Support

EAH prides themselves on robust community engagement within every municipality we are invited to serve. The community outreach for this development will begin with a listening session on March 10, 2022 where we will lay out existing site conditions and opportunities, introduce the project and project team, and collect community questions and concerns. This will be accomplished through a formal presentation followed by an open house style Q&A and breakout rooms addressing specific topics. A full outline of the Community Outreach and Engagement Plan has been provided as an attachment to this application.

5. Financing Plan

<u>Overview</u>
The 1 Hamilton project is in early predevelopment, and the financing concept for the development of the site is based on an initial fit study. In developing a financing plan for 1 Hamilton our goal is to build a financing strategy that is flexible and feasible.

EAH has worked to identify multiple funding paths considering both 4% and 9% tax credit funding approaches. Looking at a comprehensive list of state and local funding sources for which the project may be competitive. Flexibility is critical, and the project needs to be able to pivot to best leverage the available funding sources. EAH actively tracks and participates in the politics and policies informing changes in the affordable housing funding landscape.

Our commitment to our public partnerships and understanding of competitive state and local sources gives us an advantage when seeking public funding. In the last year, EAH has secured 18 funding awards in support of 11 projects, and in 2022 we have already received $105MM in support of 4 new affordable housing developments.

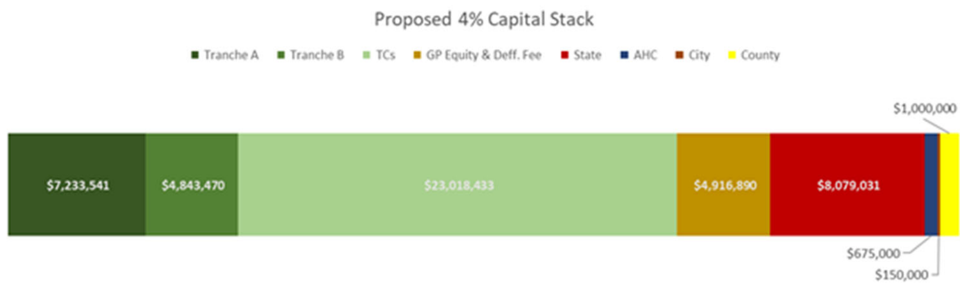
Our project underwriting includes contingency and escalation for hard and soft costs based on project size, development timeline, and historic escalation. We also include an interest rate cushion informed by our financial consultants. Our projects are feasible today and look further into the development horizon to anticipate change. Our safeguards help mitigate the risk of changing market conditions and increase the likelihood that a project is completed on time and within budget.

The 1 Hamilton project has received a $150,000 loan from the City of Mill Valley's Housing Trust Fund. The loan will support initial studies to determine the site's viability for development, community outreach, and design prior to entitlements. These funds have already been exhausted, and it will take approximately $3MM to get the project to construction start.

5.1 Existing Financing

Not applicable. There is no existing financing in place.

5.2 Proposed Financing



The permeant funding sources anticipated for the development of 1 Hamilton are a bank loan (Tranche A & Tranche B) of $12.08MM, tax credit equity of $23MM, Mill Valley Housing Trust funding of $150K, Affordable Housing Program funding from the Federal Home Loan Bank of San Francisco of $675K, to be determined HCD State funding sources of $8.08MM, and Marin County Housing Trust funding and Permeant Local Housing Allocation funding of $1MM.

5.3 Proposed Sources Narrative

Bank Loan: The project will leverage debt based on net operating income in the form of bank loans. The Tranche A loan will be sized based on income from the affordable rents, and the Tranche B loan will leverage debt against the rental income overhang from Project-Based Section 8 Vouchers (PBVs). The funding assumptions include 14 PBVs. The debt is assumed at a rate of 4.25%, amortized over 35 years at a 15-year term, with a debt service coverage ratio of 1.15. These assumptions are reasonable. These are terms that EAH could access today from any of our 14 active lending partners.

Tax Credits: The project assumes tax credit equity in the form of 4% tax credits. 1 Hamilton is located in a Highest Resources area and will compete well for 4% tax credits and state bonds. The project may also pursue a 9% tax credit path. However, the North Bay region is highly competitive, and depending on the ultimate size of the project, there may not be sufficient 9% tax credits available to support the project need.

City Funding: Mill Valley has committed Housing Trust Fund dollars in the amount of $150K. That funding will support predevelopment efforts and roll over to permanent debt should the project move forward. The loan is a 0% interest, 55-year, forgivable loan. The City of Mill Valley will also waive 50% of impact fees and donate the land for the development of 1 Hamilton.

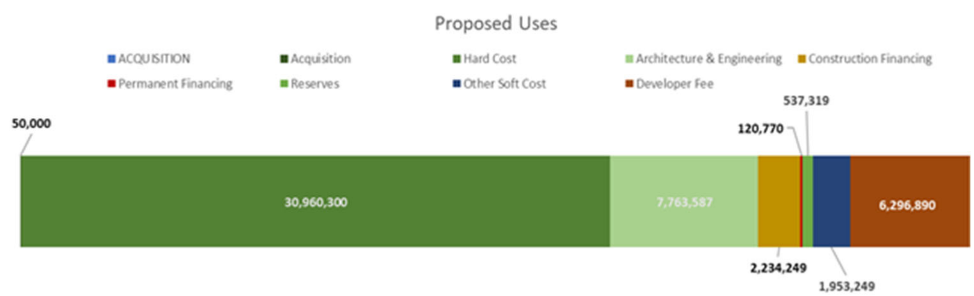
Affordable Housing Program (AHP): Provided by the Federal Home Loan Bank of San Francisco is a competitive funding source. 1 Hamilton should compete well for the source based on the population and location of the property. EAH has a long history of successfully obtaining AHP awards.

HCD State Sources: The exact project population and unit mix have not been determined. The site is planned as a Family type development serving households averaging to 60% of AMI. However, there has not been a determination to include a special needs set-a-side or whether the site will include some moderate-income households between 60% and 80% of AMI. As such, we have determined that possible State sources to be accessed are the Multifamily Housing Program (MHP), No Place Like Home (NPLH), and the Mix Income Program (MIP). All of which are competitive sources. The 1 Hamilton site as a Family development in the highest resources area will compete well for MHP. Should the project include a special needs set-a-side, we would peruse NPLH, and should there be determined a need to serve moderate-income households between 60% and 80% of AMI, we would seek MIP funding or recycled bonds.

County Funding: The 1 Hamilton project seeks $1MM in Marin County Housing Trust Fund and Permeant Local Housing Allocation to support predevelopment efforts. The County funding is some of the only funding available to support predevelopment efforts for the project. Without this funding, it will be challenging to complete the work necessary to determine if there is a viable project.

EAH has put together a financing plan for 1 Hamilton that is feasible and executable given the current project assumptions. The sources identified will move and change as the project evolves.

5.4 Proposed Uses Narrative



The pricing is based on an initial fit study. The exact building design, height, size, and unit count are yet to be determined.

The cost for the project development is estimated based on that initial fit study compared to similar projects in the EAH pipeline that have recently gone to bid or have recently completed construction. On those estimates, there is a hard cost escalation of 15% as hard costs have been escalating at approximately .5% per month over the last two years. The 15% escalation reflects the 24 to 30 months until the construction start. The project will not go to bid until the project has completed entitlements and has 50% of design construction drawings completed. Without hard cost escalation, the hard costs are about $542K per door and about $634 a square foot, pricing that is reasonable for type IV construction over a podium.

6. Project Operations

6.1 Annual Operating Budget

Not applicable. No project has been proposed and financing assumptions are only preliminary to help determine feasibility.

6.2 20-Year Cashflow

Not applicable. No project has been proposed and financing assumptions are only preliminary to help determine feasibility.

6.3 Section 8 Voucher Compliance

Any project developed by EAH on the proposed site will be registered with the Marin County Housing Authority and will be a site that accepts Section 8 vouchers.

Attachments

1. Application
2. Excel Spreadsheet
3. Performance Schedule
4. Names and Address of Board Members
5. IRS Tax Exemption Letter
6. Documentation of Site Control
7. Board Resolution Authorizing Application
8. Affirmative Marketing Plan
9. Conceptual Sketch
10. Community Engagement and Outreach Plan
11. EAH Leadership Team and Key Staff
12. Other Funding Commitments
13. Demographic Data
14. EAH Audited Financial Statements

Application

Application Checklist

A. Application Forms

☑ 1. A Completed Application Checklist
☑ 2. Completed Application, signed by authorized personnel of the applicant
☑ 3. Completed Application Excel Spreadsheet including each of the following tabs:
☐ a. Rent Roll (if applicable)
☑ b. Performance Schedule
☑ c. Acquisition Sources and Uses
☑ d. Permanent Sources and Uses
☐ e. Completed 1-Year Operating Budget and (template provided) 20-Year Cash Flow.

B. Organizational Attachments (as applicable)

Applicant	Co-Applicant		
☑	☐	1.	Current year's operating budget
☑	☐	2.	Financial statements for last three fiscal years (audited preferred)
☑	☐	3.	Names and Addresses of Board of Directors
☑	☐	4.	IRS Tax Exemption letter

C. Required Attachments

The following attachments must be submitted with your application.

☑ 1. Documentation of site control (e.g. Purchase Contract, Option to Purchase, Grant Deed)
☑ 2. Board Resolution that authorizes site acquisition and application for MCHTF funds (if entity's governing body is a board)
☑ 3. Affirmative Marketing Plan (County template available)
☐ 4. Memorandum of Understanding between co-applicants or borrower and development consultant (if applicable)

D. Supplemental Attachments (as applicable):

The following additional attachments may be requested after the Application has been submitted.

☐ 1. Appraisal (including Fair Market Value and Value with Regard to Restrictions)
☐ 2. Preliminary Title Report
☐ 3. Capital Needs Assessment
☑ 4. Architectural Drawings
☐ 5. Property Inspection Reports
☐ 6. Survey and Analysis of Building Systems
☐ 7. Phase I Environmental Site Assessment
☐ 8. Phase II Environmental Site Assessment
☑ 9. Copies of applications for other funding and commitment letters
☐ 10. Tenant Income Certification Forms for no less than 50% of the existing residents
☐ 11. Proposed Temporary Relocation Plan

Applicant Information

Organization EAH Inc

Contact Name Bianca Neumann Title Director of Business Development

Address 22 Pelican Way
City San Rafael State CA Zip 94901

Phone 415-295-8886 Email bianca.neumann@eahhousing.org

Co-applicant Information (if applicable)

Organization N/A

Contact Name N/A Title N/A

Address N/A
City State Zip

Phone N/A Email N/A

Development Information

Development Name TBD

Development Address 1 Hamilton Drive, Mill Valley CA 94941

APN (provide site map if applicable) 030-250-01

Number of anticipated units by income level and bedroom count

	Very-low	Low	Moderate	Market	Total
Studio					
1	14	5			
2	9	3*			
3	10	4			
4					
Total	33	12			

* Included a Managers Unit

Excel Spreadsheet

Project Budget Template

Organization Name: EAH Housing

Project Title: 1 Hamilton Road

Date: 2/17/2022

INCOME:	Affordable Housing Fund Request	Other Funding Sources	In Kind	Total Proposed Project Income
Committed				
Foundations:				
(Add rows)				
Government:				
City of Mill Valley		150000		
(Add rows)				
Corporations:				
(Add rows)				
Individual Contributions: (list total):				
Earned Income:				
(Add rows)				
Other (specify):				
(Add rows)				
Subtotal, Committed Income		150000	0	150000
Uncommitted				
Other (specify):				
Housing Trust Fund request	1000000			
Other Foundations:				
AHP		675000		
(Add rows to list other Foundations)				
Government:				
HCD - (MHP, NPLH, MIP)		8079031		
TCAC		23018433		
(Add rows to list other Government agencies)				
Corporations:				
Tranch A Mortgage		7233541		
Tranch B Mortgage		4843470		
Deferred Developer Fee		1064407		
(Add rows to list other corporations)				
Individual Contributions: GP Equity		3852484		
Subtotal,Uncommitted Income		48766366	0	48766366
Other				
Earned Income:				
(Add rows)				
Subtotal, Earned Income		0		0
Grand Total Income	**1000000**	**48916366**	**0**	49916366

Project Budget Template

Organization Name: EAH Housing	
Project Title: 1 Hamilton Road	

Date: 2/17/2022

EXPENSES (Add rows to list other expenses)	**Housing Trust Fund Request**	**Other Funding Sources**	**In Kind**	**Total Proposed Project Expenses**
Direct Project Related Expenses				
Acquisition				
Purchase price				
Title/Recording/Escrow		50000		
(Add rows to list other direct project expenses)				
Pre-development				
Architecture & engineering				
Environmental Analysis				
Market Study & Appraisal				
Construction Consultants				
Legal				
Other Soft Costs				
Entitlement and Impact Fees				
(Add rows to list other direct project expenses)				
General Development				
Architecture & engineering	1000000	6763587		
Construction		30960300		
Financing Costs		2355019		
Reserves		537319		
Other Soft Costs		1953249		
Developer Fee (15%)				
(Add rows to list other specific project expenses)				
Subtotal, Direct Project Related Expenses	1000000	42619474	0	43619474
Developer Fee (specify % in column A below)				
	14.4%			6296890
Fiscal Sponsorship Fee (specify % in column A below)				
				0
Grand Total All Expenses	**1000000**	**42619474**	**0**	**49916364**

Performance Schedule

<u>Conceptual Schedule</u>

Re: 1 Hamilton Road, Mill Valley

Exclusive Negotiation Agreement Executed	Feb. 2022
Community Outreach	
Community Outreach Plan	Feb. 2022
Outreach to Community Groups: Small Targeted Discussions to Identify Community needs	Feb. 2022 to Sept. 2023
Community Meeting 1: Introduction to team and project concept	March 2022
Community Meeting 2: Interactive Input	April 2022
Community Meeting 3: Report out, project changes, and integrations of community input	June 2022
Community Meeting 4: Pre-Submittal Design	Sept. 2022
Design, Rezoning, and Entitlements	
Initial Site Plan and Fit Studies	Dec. 2021 to Feb. 2022
Schematic Design	Feb. 2022 to July 2022
Pre-Entitlement Package	Sept. 2022
Entitlement Submittal (*Contingent on City Rezoning Approval)*	Jan. 2023
General Plan Amendment, Rezoning/Parcel Map, Design Review and Environmental Review	Feb 2023 to June 2023
Design Development	March 2023
Construction Documents	December 2024
***Environmental**	
Environmental Phase 1	Feb. 2022
Geotechnical Reports	March 2022
Environmental Phase 2 (if required)	April 2022
CEQA and NEPA Approval	June 2023

Finance	
City Predevelopment Loan *(approved with ENA)*	Feb. 2022
Financing Concept	March 2022
Financing Plan	June 2022
Financing Applications	Jan 2023 to Jan. 2024
Land Dispossession Agreement	March 2023
Construction and Leasing	
Construction Permints	Jan. 2024
Construction	April 2024 to Nov. 2025
Lease up	Aug. 2025 to March 2026
Property Stabilized	September 2026

* Above assumes a mitigated negative declaration. Should a full EIR be required entitlement process could take up to 24 months. Schedule for Initial Study will be determined in coordination with the selected environmental consultant; overall project schedule will be determined upon completion of an initial study.

Names and Address of Board Members

EAH INC.

OFFICERS:

Linn Warren, Chair
Robert M. (Bob) Brown, Vice Chair
Paul Foster, Secretary/Treasurer

Laura Hall, Assistant Secretary and President & CEO
Cathy Macy, Assistant Secretary and CFO
Welton Jordan, Assistant Secretary and Chief Real Estate Development Officer
David Egan, Assistant Secretary and Vice President Real Estate Development

DIRECTORS:	ADDRESS:
Barney Deasy (2024)	San Fransisco, CA
Robert M. (Bob) Brown (2024)	Novato, CA
Pat Cashman (2023)	Oakland, CA
Paul S. Foster (2023)	Mill Valley, CA
Jackson Nakasone (2022)	Honolulu, HI
Joseph F. Walsh (2024)	Lagunitas, CA
Linn Warren (2024)	Aptos, CA
Lucien P. Wong (2024)	Honolulu, HI

IRS Tax Exemption Letter

FILE COPY

Internal Revenue Service

Department of the Treasury
P. O. Box 2508
Cincinnati, OH 45201

Date: October 6, 2006

FILED NOV 03 2006

EAH INC
2169 B E FRANCISCO BLVD
SAN RAFAEL CA 94901-0000

Person to Contact:
Ms. Jackson 31-07417
Customer Service Representative
Toll Free Telephone Number:
877-829-5500
Federal Identification Number:
94-1699153

Dear Sir or Madam:

This is in response to your request of October 6, 2006, regarding your organization's tax-exempt status.

In June 1970 we issued a determination letter that recognized your organization as exempt from federal income tax. Our records indicate that your organization is currently exempt under section 501(c)(3) of the Internal Revenue Code.

Our records indicate that your organization is also classified as a public charity under section 509(a)(2) of the Internal Revenue Code.

Our records indicate that contributions to your organization are deductible under section 170 of the Code, and that you are qualified to receive tax deductible bequests, devises, transfers or gifts under section 2055, 2106 or 2522 of the Internal Revenue Code.

If you have any questions, please call us at the telephone number shown in the heading of this letter.

Sincerely,

Janna K. Skufca

Janna K. Skufca, Director, TE/GE
Customer Account Services

STATE OF CALIFORNIA
FRANCHISE TAX BOARD
PO BOX 942857
SACRAMENTO CA 94257-0540

Entity Status Letter

Date: 1/13/2022

ESL ID: 8421904022

Why You Received This Letter

According to our records, the following entity information is true and accurate as of the date of this letter.

Entity ID: 0568670

Entity Name: EAH INC.

- [x] 1. The entity is in good standing with the Franchise Tax Board.
- [ ] 2. The entity is **not** in good standing with the Franchise Tax Board.
- [x] 3. The entity is currently exempt from tax under Revenue and Taxation Code (R&TC) Section 23701 d.
- [ ] 4. We do not have current information about the entity.
- [ ] 5. The entity was administratively dissolved/cancelled on through the Franchise Tax Board Administrative Dissolution process.

Important Information

- This information does not necessarily reflect the entity's current legal or administrative status with any other agency of the state of California or other governmental agency or body.
- If the entity's powers, rights, and privileges were suspended or forfeited at any time in the past, or if the entity did business in California at a time when it was not qualified or not registered to do business in California, this information does not reflect the status or voidability of contracts made by the entity in California during the period the entity was suspended or forfeited (R&TC Sections 23304.1, 23304.5, 23305a, 23305.1).
- The entity certificate of revivor may have a time limitation or may limit the functions the revived entity can perform, or both (R&TC Section 23305b).

Connect With Us

Web: **ftb.ca.gov**
Phone: 800.852.5711 from 7 a.m. to 5 p.m. weekdays, except state holidays
916.845.6500 from outside the United States
TTY/TDD: 800.822.6268 for persons with hearing or speech impairments

Documentation of Site Control

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT is dated as of **February 7, 2022** (“**Effective Date**”), and is entered into by and between the CITY OF MILL VALLEY, a municipal corporation (“**City**”), and EAH INC., a California nonprofit public benefit corporation (“**Developer**”)(collectively, the “**Parties**”).

RECITALS

A. The City owns certain property located 1 Hamilton Drive (Assessor’s Parcel 030-250-01).

B. The City desires that a portion of the parcel located at 1 Hamilton Drive---such portion is generally the northern portion of the current parcel more specifically depicted on Exhibit “A”, attached hereto (the “**Site**”)---be developed as a 100 percent affordable housing development.

C. The City Council of the City of Mill Valley (“**City Council**”) authorized and directed staff to issue a request for qualifications (“**RFQ**”), for an affordable housing project on the Site consisting of 100 percent of the units restricted for rental to very low and low income households at affordable rent on June 21, 2021.

D. on July 19, 2021 the City of Mill Valley released the RFQ and notified all California Housing Finance Agency certified developers that have notified the California Department of Housing and Community Development of their interest in purchasing or leasing surplus local land for affordable housing development in Marin County or any county in California, and other public entities with possible jurisdiction over the Property. in response to the RFQ EAH Housing submitted qualifications to the City in a timely manner and whereby EAH Housing proposes to ground lease or purchase the Property from the City and develop the Property with 100% affordable rental housing pursuant to Government Code Section 37364.

E. As noted in the Developer’s statement of qualifications, the EAH Team is deeply experienced and well-capitalized not-for-profit corporation grounded in the belief that attractive, permanently affordable rental housing is the cornerstone to sustainable communities. Founded in Marin County based on the recognition that housing for all is a cornerstone to a fair and just society, the Developer is one of the oldest and most experienced nonprofit housing management and development organizations in the Country,

F. A selection committee consisting of the City Manager, Planning and Building Director, two members of the Housing Advisory Committee (City Council and Planning Commission liaisons) reviewed statement of qualifications submitted in response to the RFQ and conducted interviews on September 10, 2021

G. On September 20, 2021, the City Council declared the Site “exempt surplus property” pursuant to Government Code Sections 54221(b) and 54221(f)(1)(A) by way of Resolution CC21-51.

H. On September 20, 2021, the City Council selected the Developer and directed staff to negotiate an Exclusive Negotiation Agreement (this “**Agreement**”) with Developer for the Site based on the Developers qualifications and the selection committee recommendations, as documented in the September 20, 2021 Staff Report, by way of Resolution CC21-52 .

I. The Parties intend to cause the Site to be developed under California Government Code Section 37364, which requires that dwelling units be restricted by regulatory agreement to remain continually affordable to low and moderate income households for the longest feasible time, but not less than 30 years, and that such regulatory agreement shall be recorded in the office of the county recorder in which the housing development is located; such regulatory agreement shall not be subordinated to any deed of trust.

J. City desires to increase the availability of affordable housing within the City by causing the development of the Site with approximately 40 units of rental housing that is 100 hundred percent affordable ("**Project**").

K. City and Developer desire to negotiate exclusively with each other regarding the potential terms and conditions of a disposition and development agreement ("DDA") between City and Developer for Developer to acquire and develop the Project on the Site, in accordance with the terms and conditions of this Agreement..

1. Negotiation of DDA. During the Negotiation Period (defined in Section 3 herein) and subject to the terms and conditions of this Agreement, both City staff and Developer shall negotiate the potential terms, conditions, covenants, restrictions and agreements of a DDA for the Site and Project. City agrees not to solicit any other proposals from or negotiate with any other person regarding development of the Site during the Negotiation Period. During the Negotiation Period, Developer shall complete all of the actions described in the "**Schedule of Performance**" attached to this Agreement as Exhibit "B," within the time period specified for each such action in the Schedule of Performance. Nothing in this Agreement shall be interpreted or construed to be a representation or agreement by either City or Developer that a mutually acceptable DDA will be produced from negotiations under this Agreement. Nothing in this Agreement shall impose any obligation on either Party to agree to or approve a definitive DDA in the future. Nothing in this Agreement shall be interpreted or construed to be a guaranty, warranty or representation that any proposed DDA that may be negotiated by City staff and Developer will be approved by the City Council of the City.

2. Developer Acknowledgments. Developer acknowledges and agrees that: (a) under this Agreement, City is not committing itself or agreeing to enter into a DDA or undertake any exchange, sale, lease or other transfer of real property, any disposition of any real property interests to Developer, approve the Project or any land use entitlements or undertake any other acts or activities; (b) no provision of this Agreement shall be deemed to be an offer by City, nor an acceptance by City of any offer or proposal from Developer, for City to convey any estate or interest in the Site to Developer or for City to provide any financial or other assistance to Developer for development of the Project or the Site; (c) Developer has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from City; (d) further efforts by either Party to perform due diligence, arrange or obtain financing, or carry out other acts in contemplation of the possible acquisition, transfer or development of the Site or the Project shall not be deemed evidence of intent by either Party to be bound by any terms, conditions, covenants, restrictions or agreements relating to acquisition, transfer or development of the Site or the Project. Developer acknowledges and agrees that City's consideration of the Project and DDA is subject to the sole and absolute discretion of the City Council after conducting environmental review and any and all legally required public hearings, public meetings, notices, factual findings and other determinations and procedures required by law.

3. Negotiation Period.

3.1 Duration. The "**Negotiation Period**" shall begin on the Effective Date and shall expire at 5:00 p.m. Pacific Time on September 1, 2023, unless extended pursuant to Section 4 or earlier terminated pursuant to Section 3.2.

3.2 Termination. This Agreement shall terminate upon the earliest to occur of the following events: (a) the expiration of the Negotiation Period; or (b) the occurrence of an Event of Default by Developer under Section 13.1 of this Agreement, unless such breach is expressly waived in writing by the City; or (c) entry into a DDA by both City and Developer.

4. Extension of Negotiation Period. The City Manager shall have the right to extend the Negotiation Period three times for a period of ninety (90) days each (for an for an aggregate total of two hundred and seventy (270) days) provided that each such extension is in writing, and provided, further, that Developer is not in default of its obligations under this Agreement and has completed all of the actions described in the "**Schedule of Performance**" which are required to have be performed by Developer as of such date.

5. Possible DDA Provisions.

5.1 DDA Essential Terms and Conditions. The DDA may include provisions addressing all of the following described subjects:

5.1.1 Site Control. The Site may be purchased or leased from City by Developer, or Developer's permitted assignee.

5.1.2 DDA Schedule of Performance. A schedule of performance, attached to the DDA, may set forth deadlines for various actions of Developer.

5.1.3 Scope of Development. The Project is proposed by Developer to include approximately 40 affordable housing units serving households at or below 60% of Area Median Income (AMI) with a minimum parking ratio of 1:1, a plan for replacement and relocation of a minimum of 34 public parking stalls, and a plan for replacing the public restroom if the site area is needed for affordable housing development.

5.1.4 Financing Plan. In connection with the negotiations, the Developer shall submit a plan for financing the construction and operation of the Project to the City for review and approval. Such financing plan shall, at a minimum, include an obligation of Developer to apply for federal tax credits, and such other financing as is necessary in Developer's reasonable discretion to finance the development and operation of the Project, and all such tax credits must be awarded, and tax credit equity committed and available, and all other financing committed, closed and available as conditions to the close of escrow for the sale or lease.

5.1.5 City Financial Assistance. City shall provide up to $150,000 in the form of a predevelopment loan during the Negotiation Period (the "Predevelopment Loan") to pay for reasonable documented costs incurred by Developer in completing the tasks required of Developer under this ENA provided the costs are reasonably described in advance in a written budget to be provided by the Developer and approved by the City Manager in writing ("Eligible Expenses").

Such Predevelopment Loan will bear 0% interest, be evidenced by a promissory note acceptable to City (the "Note") and will be secured by assignment by the Developer to the City of any work product relating to the Project that have been paid for in whole or in part using the proceeds of the Predevelopment Loan (the "Work Product"), and the collateral assignment documents and written consents from contractors/architects/engineers and others necessary to effectuate such collateral assignment and assignment to City (upon failure to timely repay the loan) must be acceptable to the City Manager and City Attorney. The Predevelopment Loan shall become due upon the termination of this ENA, or the expiration of this ENA without a DDA being approved and signed; however, the City's sole recourse shall be limited to the Work Product. The City will disburse Predevelopment Loan proceeds to pay for Eligible Expenses on a reimbursement basis, quarterly, and as a condition to the County's disbursement obligation, Borrower will submit a disbursement request package ("Disbursement Request"). Each Disbursement Request shall include any applicable invoice or other documentation indicating the cost to be paid and showing the cost constitutes an Eligible Expense of the Project, dated less than thirty (30) days prior to the date of the Disbursement Request, unless submittal of an older invoice has been approved by the City. It is anticipated that the DDA will provide that the Predevelopment Loan will convert from a predevelopment loan to a below market, 55 year, residual receipts construction/permanent loan secured by the Site (but subordinate to deeds of trust securing any other secured financing necessary for the Project) upon the closing of the Developer's acquisition of the Site pursuant to the terms and conditions of the DDA.

5.1.6 Developer Compliance with Laws. Developer shall comply with the requirements of all applicable City ordinances, resolutions, regulations or other laws or approvals in all aspects (planning, design, construction, noise limits, management, and occupancy) of developing and operating the Project on the Site.

6. License to Enter Site. City authorizes Developer, its contractors, agents and employees to enter the Site during normal business hours for the purpose of performing tests, surveys and inspections, and obtaining data necessary or appropriate to negotiate the DDA or perform investigations related to the Project; provided, however, Developer shall deliver written notice (which may be delivered via electronic mail to _________________) seventy-two (72) hours prior to City of any such entry and written evidence of Developer's satisfaction of all insurance requirements of this Agreement prior to entering the Site. Developer shall promptly deliver copies of all written inspection results, tests and reports to the City.

7. Costs and Expenses. Except as set forth in Section 5.1.5 and Section 9 hereof, all fees or expenses of engineers, architects, financial consultants, legal, planning or other consultants or contractors, retained by Developer for any study, analysis, evaluation, report, schedule, estimate, environmental review, planning or design activities, drawings, specifications or other activity or matter relating to the Site or the Project or negotiation or documentation of a future DDA that may be undertaken by Developer during the Negotiation Period, pursuant to or in reliance upon this Agreement or in Developer's discretion, regarding any matter relating to this Agreement, a future DDA, the Site or the Project, shall be the sole responsibility of and undertaken at the sole cost and expense of Developer and no such activity or matter shall be deemed to be undertaken for the benefit of, at the expense of or in reliance upon City. Developer shall also pay all fees, charges and costs, make all deposits and provide all bonds or other security associated with the submission to and processing by the City of any and all applications and other documents and information to be submitted to the City by Developer pursuant to this Agreement or otherwise associated with the Project or the Site.

8. No City Approval. Nothing in this Agreement, nor any comments provided by City staff, nor any failure of City staff to provide comments to any submittal under or pursuant to this Agreement shall: (1) modify or replace any land use entitlement process of either the City applicable to the Project, (2) limit the police power land use jurisdiction of either the City relative

to the Project, (3) constitute an approval of all or any portion of the Project by the City pursuant to the police power land use jurisdiction of either the City or (4) constitute any approval of all or any portion of a future DDA with Developer by the City.

9. CEQA Compliance. The Developer acknowledges that all applicable requirements of the California Environmental Quality Act ("CEQA") must be met in order to execute and deliver the DDA and approve project entitlements allowing development of the Site and that this may require reports or analyses for CEQA purposes. In this regard, the City shall, at the City's cost and expense, undertake an Initial Study of the proposed Project pursuant to Section 15063 of CEQA or other appropriate documentation in order to determine the appropriate environmental documents and procedures that may be necessary to comply with CEQA as to the consideration and potential approval of the DDA by the City Council. The Developer hereby agrees to provide all assistance to the City necessary for it to carry out its obligations under CEQA. The Developer will fully cooperate with the City in the preparation of such analyses and reports.

10. City Due Diligence. City reserves the right to reasonably obtain further information, data and commitments to ascertain the ability and capacity of Developer to purchase, lease, develop and operate the Site or the Project. Developer acknowledges that Developer may be requested to make certain financial disclosures to City, City staff, legal counsel or other consultants, as part of the financial due diligence investigations of City relating to the potential sale of the Site and development of the Project on the Site by Developer and that any such disclosures may become public records. City shall maintain the confidentiality of financial information of Developer to the extent allowed by law, as determined by the City Attorney for the City.

11. Developer Indemnity. Developer shall indemnify, defend and hold harmless City, and the elected and appointed officials, officers, agents and employees of City (individually or collectively, an "**Indemnified Party**") against any and all losses arising out of any claim, liability, loss, damage, demand or cause of action, or any action or other proceeding, whether meritorious or not, arising through Developer, Developer's contractors or employees that relates to or arises out of: (i) property damage or bodily injury or death of any person in connection with this Agreement; (ii) entry upon the Site by Developer, its contractors or employees; (iii) any inspection of the Site by Developer, its contractors or employees; or (iv) the preparation of any report or plans commissioned by Developer; provided, however, that no Indemnified Party shall be entitled to indemnification under this Section 10 for matter caused by such Indemnified Party's gross negligence or willful misconduct or for any matter arising solely from the discovery of any pre-existing condition upon the Site. In the event any action or proceeding is brought against an Indemnified Party by reason of a claim arising out of any loss for which Developer is obligated to indemnity, defend or hold harmless the Indemnified Party, and upon written notice from such Indemnified Party, Developer shall, at Developer's sole expense, answer and otherwise defend such action or proceeding. The provisions of this Section 11 shall survive the expiration or termination of this Agreement.

12. Developer Insurance.

12.1 Types of Insurance. Without in any way limiting Developer's indemnification obligations under this Agreement, subject to the other provisions of this Section 12 and subject to approval by City of the insurers and policy forms, Developer shall obtain and maintain, at Developer's expense, the following insurance throughout the Negotiation Period and shall cause City to be an additional insured thereunder:

12.1.1 Liability Insurance. "**Liability Insurance**" means and refers to commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Site or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars ($2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Site or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

12.2 Nature of Insurance. All Liability Insurance and Automobile Liability Insurance policies this Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "VII"; and (b) are authorized to do business in the State of California by the State of California Department of Insurance. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Site, which amount(s) shall equal or exceed the amount(s) required by this Agreement; and (ii) such policy otherwise complies with the insurance requirements in this Agreement.

13. Restrictions Against Change in Ownership, Management or Control of Developer; Assignment of Agreement.

13.1 Developer Assignment. City and Developer acknowledge and agree that City is entering into this Agreement with Developer on the basis of the particular experience, financial capacity, skills and capabilities of Developer. This Agreement is personal to Developer and is not assignable without the prior written consent of City, which may be given, withheld or conditioned in City's sole and absolute discretion. Consent to assignment shall be in writing and may be executed by the City Manager.

13.2 Assignment to Project Partnership. Notwithstanding the foregoing, Developer may assign this Agreement, without City's consent, to a limited partnership in which Developer or a limited liability in which Developer is the sole member acts as the sole and managing general partner of such limited partnership, subject to all of the following conditions: (i) Developer provides the City with at least ten (10) days prior written notice of such proposed assignment, (ii) such limited partnership's sole purpose is development, ownership and operation of the Project on the Site; (iii) such limited partnership expressly assumes all of the obligations of Developer under this Agreement in a written assumption agreement delivered to and reasonably satisfactory to City; and (iv) Developer shall have delivered the LP-1 and partnership agreement to the City. Notwithstanding any assignment of this Agreement, Developer, shall, at all times, be responsible and obligated directly to City for performance of Developer's obligations under this Agreement.

13.3 Definitions. For the purposes of this Agreement, the term "**Affiliate**" means any person, directly or indirectly, controlling or controlled by or under common control with Developer, whether by direct or indirect ownership of equity interests, by contract, or otherwise.

14. Developer Events of Default and City Remedies.

14.1 Developer Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" on the part of Developer under this Agreement:

14.1.1 Schedule of Performance. Failure of Developer to meet a performance milestone by the applicable date contained in the Schedule of Performance, if such failure is not cured within thirty (30) days after written notice of such failure.

14.1.2 Misrepresentation. Any material breach of any representation or warranty made by Developer in this Agreement that is not cured within thirty (30) days after written notice from City to Developer of such breach.

14.1.3 Unauthorized Assignment. Any assignment or attempted assignment by Developer in violation of Section 12.

14.1.4 Insurance. Failure of Developer to procure or maintain any of the insurance coverage required by this Agreement resulting in a lapse in required insurance coverage.

14.2 City Remedies. If there is an Event of a Default by Developer, City may, in City's sole and absolute discretion, terminate this Agreement by delivering written notice of termination to Developer. Upon any such termination, neither Party shall have any further rights or obligations to the other under this Agreement, except obligations that expressly survive termination of this Agreement.

15. Developer Representations and Warranties. Developer represents, warrants and covenants to and for the benefit of City, as of the Effective Date and at all times during the Negotiation Period, as follows:

15.1 Valid Existence; Good Standing; Joint Venture Relationships. Developer is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California. Developer has all requisite power and authority to own its property and conduct its business as presently conducted. Developer has made all filings and is in good standing in the jurisdiction of the State of California.

15.2 Authority. Developer has all requisite power and authority to enter into and perform this Agreement.

15.3 No Limitation on Ability to Perform. Neither Developer's articles of incorporation nor any other organizational document regarding Developer in any way prohibits, limits or otherwise affects the right or power of Developer to enter into or perform this Agreement. Developer is not a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation or other instrument that could prohibit, limit or otherwise affect Developer's entry into or performance of this Agreement. To the best of Developer's knowledge, no consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery or performance by Developer of this Agreement or any of the terms or covenants contained in this Agreement. There is no pending or threatened suit or proceeding or undischarged judgment affecting Developer before any court, governmental agency, or arbitrator that might materially adversely affect the enforceability of this Agreement, the ability of Developer to perform the transactions contemplated by this Agreement or the business, operations, assets or condition of Developer.

15.4 Valid Execution. The execution and delivery of this Agreement by Developer have been duly and validly authorized by all necessary action of Developer and others. This Agreement will be a legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms. Developer has provided to City a written resolution of Developer's Board of Directors authorizing Developer's entry into and performance of this Agreement.

16. Notices. A notice or communication under this Agreement by either Party to the other shall be sufficiently given or delivered, if in writing and delivered by messenger, overnight air courier or registered or certified first class mail with return receipt requested (for U.S. mailings) to the appropriate Party at its address as follows:

In the case of a notice or communication to City:

City Manager's Office
City of Mill Valley
26 Corte Madera Avenue
Mill Valley, CA 94941
Attn: Alan Piombo

With a copy to:

Richards, Watson & Gershon
One Sansome Street, Suite 2850
San Francisco, CA 94104
Attn: Inder Khalsa

And in the case of a notice or communication sent to Developer:

EAH, Inc.
22 Pelican Way
San Rafael, CA 94901
Attn: Bianca L. Neumann, Director Business Development

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West 5th Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens

Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

17. General Provisions.

17.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both City and Developer.

17.2 Severability. If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the Parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the Parties to this Agreement. However, if such amendment, modification or suspension would deprive City or Developer of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected Party may terminate this Agreement upon thirty (30) days written notice to the other Party. In the event of such termination, neither Party shall have any further rights or obligations under this Agreement except as otherwise provided herein.

17.3 Non-Waiver. No waiver made by either Party with respect to the performance, or manner or time of performance, or any obligation of the other Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other Party or condition to its own obligation beyond those expressly waived, to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of the other Party.

17.4 Non-Liability. No member, official, agent or employee of City will be personally liable to Developer, or any successor in interest (if and to the extent permitted under this Agreement), in an event of default by City or for any amount that may become due to Developer or successor or on any obligations under the terms of this Agreement. No director, officer, agent or employee of Developer will be personally liable to City in an event of default by Developer or for any amount that may become due to City or on any obligations under the terms of this Agreement.

17.5 Successors and Assigns; Third Party Beneficiary. This Agreement shall inure to the benefit of and bind the respective successors and assigns of City and Developer, subject to the limitations on assignment by Developer set forth in Section 12. This Agreement is for the exclusive benefit of the Parties to this Agreement and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

17.6 Governing Law. City and Developer acknowledge and agree that this Agreement was negotiated, entered into and is to be fully performed in the City. City and Developer agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the substantive and procedural laws of the State of California, without application of conflicts or choice of laws principles.

17.7 Compliance with Law. Developer acknowledges that any future DDA, if approved by City governing body, will require Developer (among other things) to carry out the development of the Project on the Site in conformity with all applicable laws, including all applicable building, planning and zoning laws, environmental laws, safety laws and federal and state labor and wage laws.

18. Interpretation of Agreement. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "include" and "including" in this Agreement shall be construed to be followed by the words: "without limitation." Each collective noun in this Agreement shall be interpreted as if followed by the words "(or any part of it)," except where the context clearly requires otherwise. Every reference to any document, including this Agreement, refers to such document, as modified from time to time (excepting any modification that violates this Agreement), and includes all exhibits, schedules, addenda and riders to such document. The word "or" in this Agreement includes the word "and." Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time. Headings at the beginning of each section or sub-section of this Agreement are solely for the convenience of reference of City and Developer and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to sections are to this Agreement. All exhibits referred to in this Agreement are attached to this Agreement, unless otherwise specified.

18.1 Entire Agreement. This Agreement (including the attachments and exhibits) contains all of the representations of and the entire agreement between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the signed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either Party or any other person and no court or other body shall consider those drafts in interpreting this Agreement.

18.2 Time for Performance.

18.2.1 Expiration. All performance, expiration or termination dates (including cure dates) in this Agreement (including the attached Schedule of Performance) expire at 5:00 p.m., Pacific Time, on the specified date.

18.2.2 Weekends and Holidays. A date that falls on a Saturday, Sunday or City holiday is deemed extended to the next day on which the City is open for performance of general City functions with regular City personnel.

18.2.3 Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

18.2.4 Time of the Essence. Time is of the essence with respect to each provision of this Agreement.

18.3 Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

18.4 Survival. Notwithstanding anything to the contrary in this Agreement, each indemnity obligation under this Agreement shall survive expiration or termination of this Agreement. Further all other obligations under this Agreement that arise and were not satisfied before expiration or termination of this Agreement shall survive any expiration or termination of this Agreement.

18.5 Non-Discrimination. Developer covenants by and for itself and its successors or assigns, and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the following conditions:

18.5.1 Standards. That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site nor shall Developer, itself, himself or herself, or any person claiming under or through it, him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, subtenants, sublessees, or vendees in the Site.

18.6 Relationship of the Parties. The subject of this Agreement is a private development with neither Party acting as the agent of the other Party in any respect. None of the provisions in this Agreement shall be deemed to render City a partner in Developer's business, or joint venturer or member in any joint enterprise with Developer.

IN WITNESS WHEREOF, City and Developer have signed and entered into this Agreement as of the Effective Date by and through the signatures of their respective authorized representative(s), as follow:

CITY:

CITY OF MILL VALLEY,
a municipal corporation

By: [signature]

Print Name: **Alan E. Piombo, Jr.**

Title: **City Manager**

APPROVED AS TO FORM:

By: Inder Khalsa
Inder Khalsa, City Attorney

DEVELOPER:

EAH, INC.,
a California nonprofit public benefit corporation

By: Welton Jordan
Print Name: Welton Jordan
Title: Assistant Secretary

Board Resolution Authorizing Application

RESOLUTION NO 2022:08
RESOLUTION OF THE BOARD OF DIRECTORS
OF
EAH INC.,
a California nonprofit public benefit corporation

The Board of Directors (the "Board") of EAH Inc., a California nonprofit corporation (the "Corporation"), adopted the following resolutions passed by unanimous written consent of the Board on February 14, 2022, in compliance with the Articles of Incorporation and Bylaws of the Corporation:

WHEREAS, the Corporation was organized for the purpose, among others, of developing and operating low income housing;

WHEREAS, the Corporation was selected as the development partner to develop and manage an affordable housing project on land owned by the City of Mill Valley located at 1 Hamilton Drive, Mill Valley, CA 94941 (APN 030-250-01);

WHEREAS, the Marin County Trust Funds and Permanent Local Housing Allocation (PLHA) funds was created to increase the stock of permanently affordable homes in the County and provide a local funding source for financial and technical assistance to help nonprofit affordable housing developers and local public agencies produce and preserve affordable housing for low and very-low income households in Marin County;

WHEREAS, the Marin County Trust Funds and PLHA fund is accepting applications from nonprofit organizations.

NOW, THEREFORE, BE IT RESOLVED, that the Corporation is authorized to apply for up to $1,000,000 in Marin County Trust Funds and Permanent Local Housing Allocation (PLHA) funds and accept funding upon award;

RESOLVED FURTHER, that the Corporation is authorized to enter into a funding agreement with Marin County for Marin County Trust Funds and Permanent Local Housing Allocation (PLHA) funds made available through this funding application and

RESOLVED FURTHER, that David Egan, Assistant Secretary of the Corporation, and Welton Jordan, Assistant Secretary of the Corporation, or any officer of the Corporation (each an “Authorized Officer”) be, and each of them, acting alone, hereby is, authorized, empowered and directed, on behalf of the Corporation to take such actions set forth above, and to take such further actions, and to execute such additional documents and instruments, as the person taking such actions, or executing such documents or instruments, may deem necessary or appropriate in connection with the matters authorized in the foregoing resolutions, and the signature of any Authorized Officer on any document or instrument, or the performance of any such actions, shall be conclusive evidence of such officer's authority to take such actions or execute such document or instrument on behalf of the Corporation; and

RESOLVED FURTHER, that any and all acts heretofore taken by Welton Jordan, David Egan or any officer of the Corporation in connection with the matters authorized by the foregoing resolutions are hereby ratified, confirmed, adopted and approved by the Board of Directors of the Corporation.

PASSED AND ADOPTED by unanimous written consent on

February 14, 2022.

Ayes: ___5___ Absent: ______

Nays: ______ Abstain: ______

The undersigned secretary of EAH Inc. (the applicant), does hereby attest and certify that the foregoing is a true and full copy of a resolution of the governing board of the applicant passed and adopted via unanimous written consent, and said resolution has not been altered, amended, or repealed.

Paul Foster

Paul Foster, EAH Inc. Secretary

DATE: February 14, 2022

Affirmative Marketing Plan

(SAMPLE)

Logged Resubmission
11/29/12

Note to all applicants/respondents: This form was developed with Nuance, the official HUD software for the creation of HUD forms. HUD has made available instructions for downloading a free installation of a Nuance reader that allows the user to fill-in and save this form in Nuance. Please see http://portal.hud.gov/hudportal/documents/huddoc?id=nuancereaderinstall.pdf for the instructions. Using Nuance software is the only means of completing this form.

Affirmative Fair Housing Marketing Plan (AFHMP) - Multifamily Housing

U.S. Department of Housing and Urban Development
Office of Fair Housing and Equal Opportunity

OMB Approval No. 2529-0013
(exp. 8/31/2013)

1a. Project Name & Address (including City, County, State & Zip Code)

Shelter Hill Apartments
37 Miwok Way
Mill Valley, CA 94941
Marin County

1b. Project Contract Number
CA-39-M000216

1c. No. of Units
75

1d. Census Tract
1262

1e. Housing/Expanded Housing Market Area
Housing Market Area: Marin County
Expanded Housing Market Area: Marin County

1f. Managing Agent Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address

EAH, Inc.
2169 E. Francisco Blvd. Suite B San Rafael, CA 94901 Marin County - Dianna Ingle dianna.ingle@eahhousing.org (415) 258-1800

1g. Application/Owner/Developer Name, Address (including City, County, State & Zip Code), Telephone Number & Email Address

Shelter Hill, LP a California,Limited Partner
2169 E. Francisco Blvd. Suite B San Rafael, CA 94901 Marin County (414) 258-1800 Laura Hall laura.hall@eahhousing.org

1h. Entity Responsible for Marketing (check all that apply)

☐ Owner ☑ Agent ☐ Other (specify)

Position, Name (if known), Address (including City, County, State & Zip Code), Telephone Number & Email Address

Property Supervisor - Michael Binetti (415) 258-1800 michael.binetti@eahhousing.org
2169 E. Francisco Blvd. Suite B San Rafael, CA 94901 Marin County

1i. To whom should approval and other correspondence concerning this AFHMP be sent? Indicate Name, Address (including City, State & Zip Code), Telephone Number & E-Mail Address.

Catina Wilson - Director Of Compliance (415) 258-1800 catina.wilson@eahhousing.org
2169 E. Francisco Blvd. Suite B San Rafael, CA 94901 Marin County

2a. Affirmative Fair Housing Marketing Plan

Plan Type: Updated Plan   Date of the First Approved AFHMP: Unknown

Reason(s) for current update: Current Mgmt

2b. HUD-Approved Occupancy of the Project (check all that apply)

☐ Elderly ☑ Family ☐ Mixed (Elderly/Disabled) ☐ Disabled

2c. Date of Initial Occupancy

11/16/1978

2d. Advertising Start Date

Advertising must begin *at least* 90 days prior to initial or renewed occupancy for new construction and substantial rehabilitation projects.

Date advertising began or will begin: 12/01/2012

For existing projects, select below the reason advertising will be used:

To fill existing unit vacancies ☐
To place applicants on a waiting list ☑ (which currently has 36 individuals)
To reopen a closed waiting list ☑ (which currently has 36 individuals)

3a. Demographics of Project and Housing Market Area
Complete and submit Worksheet 1.

3b. Targeted Marketing Activity

Based on your completed Worksheet 1, indicate which demographic group(s) in the housing market area is/are *least* likely to apply for the housing without special outreach efforts. (check all that apply)

- [x] White
- [ ] American Indian or Alaska Native
- [ ] Asian
- [ ] Black or African American
- [ ] Native Hawaiian or Other Pacific Islander
- [x] Hispanic or Latino
- [ ] Persons with Disabilities
- [x] Families with Children
- [ ] Other ethnic group, religion, etc. (specify)

4a. Residency Preference

Is the owner requesting a residency preference? If yes, complete questions 1 through 5. No
If no, proceed to Block 4b.

(1) Type Please Select Type

(2) Is the residency preference area:
The same as the AFHMP housing/expanded housing market area as identified in Block 1e? Please Select Yes or No
The same as the residency preference area of the local PHA in whose jurisdiction the project is located? Please Select Yes or No

(3) What is the geographic area for the residency preference?

(4) What is the reason for having a residency preference?

(5) How do you plan to periodically evaluate your residency preference to ensure that it is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a)?

Complete and submit Worksheet 2 when requesting a residency preference (see also 24 CFR 5.655(c)(1)) for residency preference requirements. The requirements in 24 CFR 5.655(c)(1) will be used by HUD as guidelines for evaluating residency preferences consistent with the applicable HUD program requirements. See also HUD Occupancy Handbook (4350.3) Chapter 4, Section 4.6 for additional guidance on preferences.

4b. Proposed Marketing Activities: Community Contacts
Complete and submit Worksheet 3 to describe your use of community contacts to market the project to those least likely to apply.

4c. Proposed Marketing Activities: Methods of Advertising
Complete and submit Worksheet 4 to describe your proposed methods of advertising that will be used to market to those least likely to apply. Attach copies of advertisements, radio and television scripts, Internet advertisements, websites, and brochures, etc.

5a. Fair Housing Poster

The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Check below all locations where the Poster will be displayed.

☑ Rental Office ☐ Real Estate Office ☐ Model Unit ☐ Other (specify)

5b. Affirmative Fair Housing Marketing Plan

The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check below all locations where the AFHMP will be made available.

☑ Rental Office ☐ Real Estate Office ☐ Model Unit ☐ Other (specify)

5c. Project Site Sign

Project Site Signs, if any, must display in a conspicuous position the HUD approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Check below all locations where the Project Site Sign will be displayed. Please submit photos of Project signs.

☑ Rental Office ☐ Real Estate Office ☐ Model Unit ☐ Entrance to Project ☐ Other (specify)

The size of the Project Site Sign will be 4 1/4 x 6 1/4

The Equal Housing Opportunity logo or slogan or statement will be 3" x 5"

6. Evaluation of Marketing Activities

Explain the evaluation process you will use to determine whether your marketing activities have been successful in attracting individuals least likely to apply, how often you will make this determination, and how you will make decisions about future marketing based on the evaluation process.

Shelter Hill Apartments staff will annually monitor the demographics (resident, applicant, census data) of the market area to determine if there have been demographic changes in the population in terms of race, ethnicity, religion or persons with disabilities.

We will determine if the population least likely to apply for housing is still the population identified in the AFHMP:
Whether current advertising sources still exist, whether advertising cited in the AFHMP are still the most applicable or whether the advertising sources should be changed or expanded.

Applicants will be asked how they heard about the property. An applicant response log will be maintained by the site and updated to reflect applicants responses to the marketing question on the application.

Based on the evaluation process listed above, marketing sources that applicants (those who are least likely to apply) list as a refferal source will be deemed successful and those marketing sources not listed in two consecutive years, will be deemed unsuccessful. Other community groups will be selected as targets of those least likely to apply.

Upon revision, the AFHMP will be submitted to HUD for approval.

7a. **Marketing Staff**
What staff positions are/will be responsible for affirmative marketing?

Property Supervisor, Property Manager, Assistant Property Manager

7b. **Staff Training and Assessment: AFHMP**
(1) Has staff been trained on the AFHMP? Yes
(2) Has staff been instructed in writing and orally on non-discrimination and fair housing policies as required by 24 CFR 200.620(c)? Yes
(3) If yes, who provides instruction on the AFHMP and Fair Housing Act, and how frequently?

Catina Wilson - Director of Compliance
Formal training and updates are provided annually and as changes in rules and regulations or practices occur.

(4) Do you periodically assess staff skills on the use of the AFHMP and the application of the Fair Housing Act? Yes
(5) If yes, how and how often?

Formally: Annual Training Informally: Consistent adjustment to language and consultation with Fair Housing Attorney

7c. **Tenant Selection Training/Staff**
(1) Has staff been trained on tenant selection in accordance with the project's occupancy policy, including any residency preferences? Yes
(2) What staff positions are/will be responsible for tenant selection?

Property Manager, Assistant Property Manager, Property Supervisor

7d. **Staff Instruction/Training:**
Describe AFHM/Fair Housing Act staff training, already provided or to be provided, to whom it was/will be provided, content of training, and the dates of past and anticipated training. Please include copies of any AFHM/Fair Housing staff training materials.

It is EAH's policy that all site based employees with resident contact, such as Property Managers, Assistant Property Managers, Property Supervisors, Service Coordinators, and Maintenance Personnel participate in Fair Housing and Section 504 (Reasonable Accommodation/Modification) training every two years. It is also required that all applicable staff must complete a Fair Housing on-line course plus a Fair Housing classroom session to satisfy this requirement. On-line and classroom training were conducted from October 2010 - May 2011 see attached. EAH provides Fair Housing training every other year.

New employees who have resident contact as described above will enroll in the on-line Fair Housing training upon hire. New employees have two weeks to complete the on-line training. Classroom training takes place within two months of hire. The trainings cover State and Federal regulations with regards to Fair Housing, Harassment Awareness as well as Section 504 rules.

8. Additional Considerations Is there anything else you would like to tell us about your AFHMP to help ensure that your program is marketed to those least likely to apply for housing in your project? Please attach additional sheets, as needed.

9. Review and Update

By signing this form, the applicant/respondent agrees to implement its AFHMP, and to review and update its AFHMP in accordance with the instructions to item 9 of this form in order to ensure continued compliance with HUD's Affirmative Fair Housing Marketing Regulations (see 24 CFR Part 200, Subpart M). I hereby certify that all the information stated herein, as well as any information provided in the accompaniment herewith, is true and accurate. Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties. (See 18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802)

11/28/12

Signature of person submitting this Plan & Date of Submission (mm/dd/yyyy)

Michael Binetti

Name (type or print)

Michael Binetti

Title & Name of Company

Property Supervisor, EAH

For HUD-Office of Housing Use Only	For HUD-Office of Fair Housing and Equal Opportunity Use Only
Reviewing Official:	☒ Approval ☐ Disapproval
	12/05/12
Signature & Date (mm/dd/yyyy)	Signature & Date (mm/dd/yyyy)
Name (type or print)	Name (type or print) Zachary D. Blair
Title	Title EOS

Public reporting burden for this collection of information is estimated to average six (6) hours per initial response, and four (4) hours for updated plans, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. This agency may not collect this information, and you are not required to complete this form, unless it displays a currently valid Office of Management and Budget (OMB) control number.

Purpose of Form: All applicants for participation in FHA subsidized and unsubsidized multifamily housing programs with five or more units (see 24 CFR 200.615) must complete this Affirmative Fair Housing Marketing Plan (AFHMP) form as specified in 24 CFR 200.625, and in accordance with the requirements in 24 CFR 200.620. The purpose of this AFHMP is to help applicants offer equal housing opportunities regardless of race, color, national origin, religion, sex, familial status, or disability. The AFHMP helps owners/agents (respondents) effectively market the availability of housing opportunities to individuals of both minority and non-minority groups that are least likely to apply for occupancy. Affirmative fair housing marketing and planning should be part of all new construction, substantial rehabilitation, and existing project marketing and advertising activities.

An AFHM program, as specified in this Plan, shall be in effect for each multifamily project throughout the life of the mortgage (24 CFR 200.620(a)). The AFHMP, once approved by HUD, must be made available for public inspection at the sales or rental offices of the respondent (24 CFR 200.625) and may not be revised without HUD approval. This form contains no questions of a confidential nature.

Applicability: The form and worksheets must be completed and submitted by all FHA subsidized and unsubsidized multifamily housing program applicants.

INSTRUCTIONS:
Send completed form and worksheets to your local HUD Office, Attention: Director, Office of Housing

Part 1: Applicant/Respondent and Project Identification. Blocks 1a, 1b, 1c, 1g, 1h, and 1i are self-explanatory.

Block 1d- Respondents may obtain the Census tract number from the U.S. Census Bureau (www.census.gov) when completing Worksheet One.

Block 1e- Respondents should identify both the housing market area and the expanded housing market area for their multifamily housing projects. Use abbreviations if necessary. A **housing market area** is the area from which a multifamily housing project owner/agent may reasonably expect to draw a substantial number of its tenants. This could be a county or Metropolitan Division. The U.S. Census Bureau provides a range of levels to draw from.

An **expanded housing market area** is a larger geographic area, such as a Metropolitan Division or a Metropolitan Statistical Area, which may provide additional demographic diversity in terms of race, color, national origin, religion, sex, familial status, or disability.

Block 1f- The applicant should complete this block only if a Managing Agent (the agent cannot be the applicant) is implementing the AFHMP.

Part 2: Type of AFHMP

Block 2a- Respondents should indicate the status of the AFHMP, i.e., initial or updated, as well as the date of the first approved AFHMP. Respondents should also provide the reason (s) for the current update, whether the update is based on the five-year review or due to significant changes in project or local demographics (See instructions for Part 9).

Block 2b- Respondents should identify all groups HUD has approved for occupancy in the subject project, in accordance with the contract, grant, etc.

Block 2c- Respondents should specify the date the project was/will be first occupied.

Block 2d- For new construction and substantial rehabilitation projects, advertising must begin at least 90 days prior to initial occupancy. In the case of existing projects, respondents should indicate whether the advertising will be used to fill existing vacancies, to place individuals on the project's waiting list, or to re-open a closed waiting list. Please indicate how many people are on the waiting list when advertising begins.

Part 3 Demographics and Marketing Area.
"Least likely to apply" means that there is an identifiable presence of a specific demographic group in the housing market area, but members of that group are not likely to apply for the housing without targeted outreach, including marketing materials in other languages for limited English proficient individuals, and alternative formats for persons with disabilities. Reasons for not applying may include, but are not limited to, insufficient information about housing opportunities, language barriers, or transportation impediments.

Block 3a - Using Worksheet 1, the respondent should indicate the demographic composition of the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area. The applicable housing market area and expanded housing market area should be indicated in Block 1e. Compare groups within rows/across columns on Worksheet 1 to identify any under-represented group(s) relative to the surrounding housing market area and expanded housing market area, i.e., those group(s) "least likely to apply" for the housing without targeted outreach and marketing. If there is a particular group or subgroup with members of a protected class that has an identifiable presence in the housing market area, but is not included in Worksheet 1, please specify under "Other."

Respondents should use the most current demographic data from the U.S. Census or another official source such as a local government planning office. Please indicate the source of your data in Part 8 of this form.

Block 3b - Using the information from the completed Worksheet 1, respondents should identify the demographic group(s) least likely to apply for the housing without special outreach efforts by checking all that apply.

Part 4 - Marketing Program and Residency Preference (if any).
Block 4a - A residency preference is a preference for admission of persons who reside or work in a specified geographic area (see 24 CFR 5.655(c)(1)(ii)). Respondents should indicate whether a residency preference is being utilized, and if so, respondents should specify if it is new, revised, or continuing. If a respondent wishes to utilize a residency preference, it must state the preference area (and provide a map delineating the precise area) and state the reason for having such a preference. The respondent must ensure that the preference is in accordance with the non-discrimination and equal opportunity requirements in 24 CFR 5.105(a) (see 24 CFR 5.655(c)(1)).

Respondents should use Worksheet 2 to show how the percentage of the eligible population living or working in the residency preference area compares to that of residents of the project, project applicant data, census tract, housing market area, and expanded housing market area. The percentages would be the same as shown on completed Worksheet 1.

Block 4b - Using Worksheet 3, respondents should describe their use of community contacts to help market the project to those least likely to apply. This table should include the name of a contact person, his/her address, telephone number, previous experience working with the target population(s), the approximate date contact was/will be initiated, and the specific role the community contact will play in assisting with affirmative fair housing marketing or outreach.

Block 4c - Using Worksheet 4, respondents should describe their proposed method(s) of advertising to market to those least likely to apply. This table should identify each media option, the reason for choosing this media, and the language of the advertisement. Alternative format(s) that will be used to reach persons with disabilities, and logo(s) that will appear on the various materials (as well as their size) should be described. **Please attach a copy of the advertising or marketing material.**

Part 5 – Availability of the Fair Housing Poster, AFHMP, and Project Site Sign.

Block 5a - The Fair Housing Poster must be prominently displayed in all offices in which sale or rental activity takes place (24 CFR 200.620(e)). Respondents should indicate all locations where the Fair Housing Poster will be displayed.

Block 5b -The AFHMP must be available for public inspection at the sales or rental office (24 CFR 200.625). Check all of the locations where the AFHMP will be available.

Block 5c -The Project Site Sign must display in a conspicuous position the HUD-approved Equal Housing Opportunity logo, slogan, or statement (24 CFR 200.620(f)). Respondents should indicate where the Project Site Sign will be displayed, as well as the size of the Sign and the size of the logo, slogan, or statement. **Please submit photographs of project site signs.**

Part 6 - Evaluation of Marketing Activities.

Respondents should explain the evaluation process to be used to determine if they have been successful in attracting those individuals identified as least likely to apply. Respondents should also explain how they will make decisions about future marketing activities based on the evaluations.

Part 7- Marketing Staff and Training.
Block 7a -Respondents should identify staff positions that are/will be responsible for affirmative marketing.

Block 7b - Respondents should indicate whether staff has been trained on the AFHMP and Fair Housing Act.
Please indicate who provides the training and how frequently.
In addition, respondents should specify whether they periodically assess staff members' skills in using the AFHMP and in applying the Fair Housing Act. They should state how often they assess employee skills and how they conduct the assessment.

Block 7c - Respondents should indicate whether staff has been trained on tenant selection in accordance with the project's occupancy policy, including residency preferences (if any). Respondents should also identify those staff positions that are/will be responsible for tenant selection.

Block 7d - Respondents should include copies of any written materials related to staff training, and identify the dates of past and anticipated training.

Part 8 - Additional Considerations.

Respondents should describe their efforts not previously mentioned that were/are planned to attract those individuals least likely to apply for the subject housing.

Part 9 - Review and Update.

By signing the respondent assumes responsibility for implementing the AFHMP. Respondents must review their AFHMP every five years or when the local Community Development jurisdiction's Consolidated Plan is updated, or when there are significant changes in the demographics of the project or the local housing market area. When reviewing the plan, the respondent should consider the current demographics of the housing market area to determine if there have been demographic changes in the population in terms of race, color, national origin, religion, sex, familial status, or disability. The respondent will then determine if the population least to likely to apply for the housing is still the population identified in the AFHMP, whether the advertising and publicity cited in the current AFHMP are still appropriate, or whether advertising sources should be modified or expanded. Even if the demographics of the housing market area have not changed, the respondent should determine if the outreach currently being performed is reaching those it is intended to reach as measured by project occupancy and applicant data. If not, the AFHMP should be updated. The revised AFHMP must be submitted to HUD for approval. HUD may review whether the affirmative marketing is actually being performed in accordance with the AFHMP. If based on their review, respondents determine the AFHMP does not need to be revised, they should maintain a file documenting what was reviewed, what was found as a result of the review, and why no changes were required. HUD may review this documentation.

Notification of Intent to Begin Marketing.
No later than 90 days prior to the initiation of rental marketing activities, the respondent must submit notification of intent to begin marketing. The notification is required by the AFHMP Compliance Regulations (24 CFR 108.15). The Notification is submitted to the Office of Housing in the HUD Office servicing the locality in which the proposed housing will be located. Upon receipt of the Notification of Intent to Begin Marketing from the applicant, the monitoring office will review any previously approved plan and may schedule a pre-occupancy conference. Such conference will be held prior to initiation of sales/rental marketing activities. At this conference, the previously approved AFHMP will be reviewed with the applicant to determine if the plan, and/or its proposed implementation, requires modification prior to initiation of marketing in order to achieve the objectives of the AFHM regulation and the plan.

OMB approval of the AFHMP includes approval of this notification procedure as part of the AFHMP. The burden hours for such notification are included in the total designated for this AFHMP form.

Worksheet 1: Determining Demographic Groups Least Likely to Apply for Housing Opportunities
(See AFHMP, Block 3b)

In the respective columns below, indicate the percentage of demographic groups among the project's residents, current project applicant data, census tract, housing market area, and expanded housing market area (See instructions to Block 1e). If you are a new construction or substantial rehabilitation project and do not have residents or project applicant data, only report information for census tract, housing market area, and expanded market area. The purpose of this information is to identify any under-representation of certain demographic groups in terms of race, color, national origin, religion, sex, familial status, or disability. If there is significant under-representation of any demographic group among project residents or current applicants in relation to the housing/expanded housing market area, then targeted outreach and marketing should be directed towards these individuals least likely to apply. Please indicate under-represented groups in Block 3b of the AFHMP. **Please attach maps showing both the housing market area and the expanded housing market area.**

__Instructions__: For demographic data from the 2010 Census, please see http://factfinder2.census.gov/main.html. To find data by Census Tract, County, Metropolitan Statistical Area (MSA), or other level:

1. Click "Geographies" on the left.
2. Click the "Address" Tab and enter the address of the project and then click "GO".
   (*To create a map of the area click the "Maps" tab*)
3. Select the level of interest (Census Tract, County, MSA, or other) and then close the "Select Geographies" box.
   (Do NOT select more than one level at a time)
4. Click the first "Profile of General Population and Housing Characteristics: 2010" also known as DP-1.
   (Refer to the "Race" section "Total Population" subsection for breakdown of demographic characteristics)
5. Record the information in Worksheet 1 for that level, click "Back to Search" in the top left corner, then click "Clear all Selections" in the "Selections" Box in the top left corner.
6. Start process again to retrieve the next level of data (County, MSA, or other).

To collect information about the percentage of persons with disabilities repeat above steps 1 through 3 to select your level of interest (Census Tract, County, MSA, etc.) then:

1. Click "Topics" on the left.
2. Click "People".
3. Click "Disability" and then click the "Disability" link directly beneath it.
4. __**For Census Tract**__- Select the first "Disability Status by Sex: 2000" or QT-P21. Please note that the most recent information for census tract is from 2000. In this section report percent with a disability for both sexes for population 5 years and over.
   __**For County or MSA**__- Select the first "Selected Social Characteristics in the United States" or DP02 and report the percent of the total civilian noninstitutionalized population with a disability.
5. Record the information in Worksheet 1 and then click "Back to Search" in the top left corner, then click the "X" next to the level in the "Your Selections" box, but **KEEP** "DISABILITY" as a selection.
6. Repeat for next level of data (County, MSA, or other).

Demographic Characteristics	Project's Residents	Project's Applicant Data	Census Tract	Housing Market Area	Expanded Housing Market Area
% White	17.83%	11%	79.1%	72.8%	
% Black or African American	21.66%	.03%	1.4%	2.6%	
% Hispanic or Latino	3.73%	0.0%	5.7%	15.5%	
% Asian	49.68 %	86.0%	9.9%	5.4%	
% American Indian or Alaskan Native	10.19%	0.0%	0.2%	0.2%	
% Native Hawaiian or Pacific Islander	0.64%	0.0%	0.2%	0.2%	
% Persons with Disabilities	6.72	2.0%	11.2%	15.4%	
% Families with Children under the age of 18	40.0%	63.0%	52.7%	53.3%	
Other (specify)	0.0%	0.0%	3.5%	3.3%	

Worksheet 2: Establishing a Residency Preference Area (See AFHMP, Block 4a)

Complete this Worksheet if you wish to continue, revise, or add a residency preference, which is a preference for admission of persons who reside or work in a specified geographic area (see 24 CFR 5.655(c)(1)(ii)). If a residency preference is utilized, the preference must be in accordance with the non-discrimination and equal opportunity requirements contained in 24 CFR 5.105(a). This Worksheet will help show how the percentage of the population in the residency preference area compares to the demographics of the project 's residents, applicant data, census tract, housing market area, and expanded housing market area. **Please attach a map clearly delineating the residency preference geographical area.**

Demographic Characteristics	**Project's Residents** (as determined in Worksheet 1)	**Project's Applicant Data** (as determined in Worksheet 1)	**Census Tract** (as determined in Worksheet 1)	**Housing Market Area** (as determined in Worksheet 1)	**Expanded Housing Market Area** (as determined in Worksheet 1)	**Residency Preference Area** (if applicable)
% White	N/A	N/A	N/A	N/A	N/A	N/A
% Black or African American	N/A	N/A	N/A	N/A	N/A	N/A
% Hispanic or Latino	N/A	N/A	N/A	N/A	N/A	N/A
% Asian	N/A	N/A	N/A	N/A	N/A	N/A
% American Indian or Alaskan Native	N/A	N/A	N/A	N/A	N/A	N/A
% Native Hawaiian or Pacific Islander	N/A	N/A	N/A	N/A	N/A	N/A
% Persons with Disabilities	N/A	N/A	N/A	N/A	N/A	N/A
% Families with Children under the age of 18	N/A	N/A	N/A	N/A	N/A	N/A
Other (specify)	N/A	N/A	N/A	N/A	N/A	N/A

Worksheet 3: Proposed Marketing Activities –Community Contacts (See AFHMP, Block 4b)

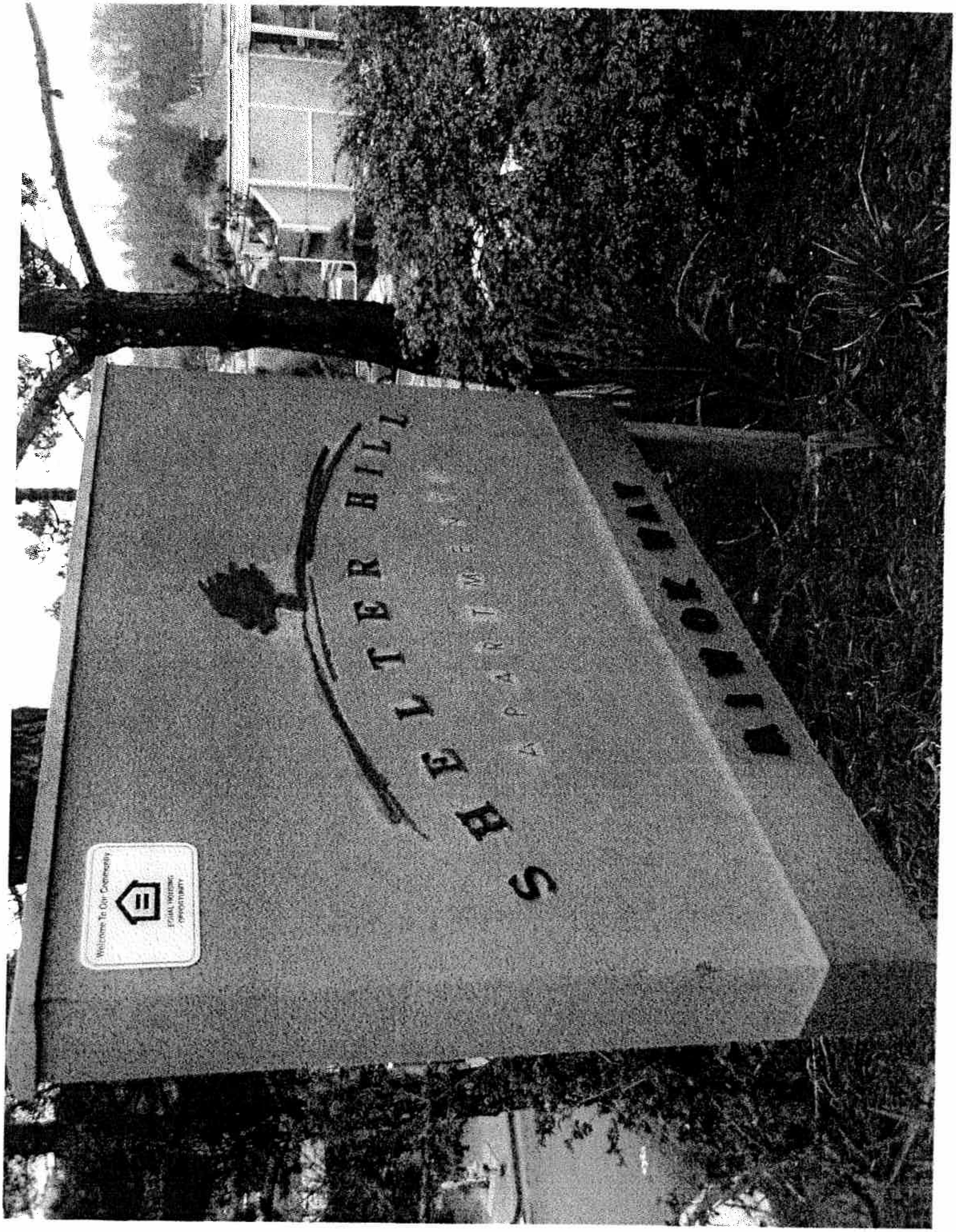
For each targeted marketing population designated as least likely to apply in Block 3b, identify at least one community contact organization you will use to facilitate outreach to the particular population group. This could be a social service agency, religious body, advocacy group, community center, etc. State the names of contact persons, their addresses, their telephone numbers, their previous experience working with the target population, the approximate date contact was/will be initiated, and the specific role they will play in assisting with the affirmative fair housing marketing. Please attach additional pages if necessary.

Targeted Population(s)	**Community Contact(s), including required information noted above.**
Hispanic	Canal Community Alliance 91 Larkspur St. San Rafael, CA 94901 (415) 306-0422 Sandy Ponek. Will announce Shelter Hill waiting list via bulletin board, newsletter, flyers, refferals and individual counseling. Contact will be in person, phone and flyer. Will contact late Novemeber 2012.
Hispanic	El Mensajero 333 Valencia St. #410 San Francisco, CA 94103 (415) 206-7230 ext 108 Claudia Guzman claudia.guzman@elmensajero.com. Will announce Shelter Hill waiting list via newspaper ad in Spanish. Will contact late Novemeber 2012.
White/~~All~~	Craigslist Rental Ad in Marin County Section, posted daily. Will begin late November 2012.
Families With Children	Adopt a Family of Marin 1930 4th St. San Rafael, CA 94901 (415) 456-7805 Pam Meyer. Will refer clients to Shelter Hill through flyers, bulletin board, verbal refferals. Will begin late Novemeber 2012.

Worksheet 4: Proposed Marketing Activities – Methods of Advertising (See AFHMP, Block 4c)

Complete the following table by identifying your targeted marketing population(s), as indicated in Block 3b, as well as the methods of advertising that will be used to market to that population. For each targeted population, state the means of advertising that you will use as applicable to that group and the reason for choosing this media. In each block, in addition to specifying the media that will be used (e.g., name of newspaper, television station, website, location of bulletin board, etc.) state any language(s) in which the material will be provided, identify any alternative format(s) to be used (e.g. Braille, large print, etc.), and specify the logo(s) (as well as size) that will appear on the various materials. Attach additional pages, if necessary, for further explanation. Please attach a copy of the advertising or marketing material.

Targeted Population(s)→ Methods of Advertising ↓	**Targeted Population:**	**Targeted Population:**	**Targeted Population:**
Newspaper(s) El Mensajero	Hispanic/Latino		
Radio Station(s)			
TV Station(s)			
Electronic Media Craigslist Marin County	Whites/All		
Bulletin Boards Community Bulletin Boards	Whites	Families with Children	Hispanic/Latino
Brochures, Notices, Flyers Notices, flyers to agencies	Families With Childres	Hispanic/Latinio	
Other (specify)			


SHELTER HILL

U.S. Census Bureau

AMERICAN FactFinder

QT-PL

Race, Hispanic or Latino, Age, and Housing Occupancy: 2010
2010 Census Redistricting Data (Public Law 94-171) Summary File

NOTE: For information on confidentiality protection, nonsampling error, and definitions, see http://www.census.gov/prod/cen2010/pl94-171.pdf

NOTE: Change to the California,Connecticut,Mississippi,New Hampshire,Virginia, and Washington P. L. 94-171 Summary Files as delivered.

Geography: Marin County, California Housing Mrktg Area

Subject	Total		18 years and over	
	Number	Percent	Number	Percent
POPULATION				
Total population	252,409	100.0	200,195	100.0
RACE				
One race	241,716	95.8	194,158	97.0
White	201,963	80.0	163,215	81.5
Black or African American	6,987	2.8	5,780	2.9
American Indian and Alaska Native	1,523	0.6	1,156	0.6
Asian	13,761	5.5	11,304	5.6
Native Hawaiian and Other Pacific Islander	509	0.2	415	0.2
Some Other Race	16,973	6.7	12,288	6.1
Two or More Races	10,693	4.2	6,037	3.0
HISPANIC OR LATINO AND RACE				
Hispanic or Latino (of any race)	39,069	15.5	27,662	13.8
Not Hispanic or Latino	213,340	84.5	172,533	86.2
One race	206,029	81.6	168,670	84.3
White	183,830	72.8	150,406	75.1
Black or African American	6,621	2.6	5,538	2.8
American Indian and Alaska Native	531	0.2	445	0.2
Asian	13,577	5.4	11,163	5.6
Native Hawaiian and Other Pacific Islander	436	0.2	361	0.2
Some Other Race	1,034	0.4	757	0.4
Two or More Races	7,311	2.9	3,863	1.9
HOUSING UNITS				
Total Housing Units	111,214	100.0		
OCCUPANCY STATUS				
Occupied housing units	103,210	92.8		
Vacant housing units	8,004	7.2		

X Not applicable

Source: U.S. Census Bureau, 2010 Census.

U.S. Census Bureau

AMERICAN FactFinder

QT-PL

Race, Hispanic or Latino, Age, and Housing Occupancy: 2010
2010 Census Redistricting Data (Public Law 94-171) Summary File

NOTE: For information on confidentiality protection, nonsampling error, and definitions, see http://www.census.gov/prod/cen2010/pl94-171.pdf

NOTE: Change to the California,Connecticut,Mississippi,New Hampshire,Virginia, and Washington P. L. 94-171 Summary Files as delivered.

Geography: Census Tract 1262, Marin County, California

Subject	Total		18 years and over	
	Number	Percent	Number	Percent
POPULATION				
Total population	4,249	100.0	3,420	100.0
RACE				
One race	4,089	96.2	3,332	97.4
White	3,512	82.7	2,877	84.1
Black or African American	64	1.5	47	1.4
American Indian and Alaska Native	12	0.3	10	0.3
Asian	426	10.0	343	10.0
Native Hawaiian and Other Pacific Islander	9	0.2	5	0.1
Some Other Race	66	1.6	50	1.5
Two or More Races	160	3.8	88	2.6
HISPANIC OR LATINO AND RACE				
Hispanic or Latino (of any race)	243	5.7	174	5.1
Not Hispanic or Latino	4,006	94.3	3,246	94.9
One race	3,874	91.2	3,169	92.7
White	3,363	79.1	2,767	80.9
Black or African American	59	1.4	44	1.3
American Indian and Alaska Native	8	0.2	7	0.2
Asian	420	9.9	337	9.9
Native Hawaiian and Other Pacific Islander	9	0.2	5	0.1
Some Other Race	15	0.4	9	0.3
Two or More Races	132	3.1	77	2.3
HOUSING UNITS				
Total Housing Units	2,142	100.0		
OCCUPANCY STATUS				
Occupied housing units	2,052	95.8		
Vacant housing units	90	4.2		

X Not applicable

Source: U.S. Census Bureau, 2010 Census.

Shelter Hill Apartments
37 Miwok Way
Mill Valley, CA 94941
(415) 383-1577 Office TDD (800) 735-2929
sa-manager@eahhousing.org

Wait List opening for HUD Subsidized Housing

Maximum Income and Minimum/Maximum Occupancy requirements: Please see attached for occupancy requirements based upon bedroom size and income requirements based upon family size.

Shelter Hill Apartments
UNFURNISHED 1, 2, AND 3 BEDROOM APARMENTS
37 Miwok Way
Mill Valley, CA 94941

Applications can be picked up at the Shelter Hill Management office: 37 Miwok Way Mill Valley, CA

____

during business hours
M-F 9:00 am- 1:00 pm & 2:00 pm- 4:00 pm,
in person. Applications will only be distributed during these dates and time. Applications will only be mailed to applicants that require a reasonable accommodation.

Fully Completed and signed applications will ONLY be accepted ______________________ from 9:00 am - 1:00 pm & 2:00 pm - 4:00 pm. All applications must be hand-delivered or postmarked by April 20, 2012 4:00 pm. Applications received after April 20, 2012 at 4:00 pm. that are not post marked on or before ______________________ will be returned.

Shelter Hill Apartments does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and services. The person named below has been designated to coordinate compliance with the nondiscrimination requirements implementing Section 504 (24CFR, part 8 dated June 2, 1988).
Mike Farrel, EAH Inc, 2169 E Francisco Blvd Ste B, San Rafael CA 94901
Ph (415)285-1800, TDD (800)735-2929, Email: mfarrel@eahhousing.org

EQUAL HOUSING OPPORTUNITY

Shelter Hill Apartments

37 Miwok Way
Mill Valley, CA 94941
(415) 383-1577 Office TDD (800) 735-2929
sa-manager@eahhousing.org

All applications will be time and date stamped upon receipt on a first-come first-served basis. Within 2 weeks of submitting your application, a confirmation letter will be mailed.

However, a placement on the waiting list in no way implies that you will receive an apartment at Shelter Hill Apartments. If and when an apartment becomes available, applicants will be notified in the order of the date and time stamped on the application. Qualification's for housing at Shelter Hill Apartments is based upon the criteria listed within the Resident Selection Plan.

	1 Person	2 People	3 People	4 People	5 People	6 People	7 People
30% ELI	$23,350	$26,650	$30,000	$33,300	$36,000	$38,650	$41,300
50% VLI	$38,850	$44,400	$49,950	$55,500	$59,950	$64,400	$68,850
80% LI	$62,200	$71,050	$79,950	$88,800	$95,950	$103,050	$110,150

Bedroom Size	**Minimum Occupants**	**Maximum Occupants**	*****Unit Rent**
1 bedroom	1person	3 people	30% of total annual household income - $998.00
2 bedroom	2	5	30% of total annual household income - $1207.00
3 bedroom	3	7	30% of total annual household income - $1719.00

*****Rent and income limits are subject to change based on HUD approval**

Shelter Hill Apartments does not discriminate on the basis of disability status in the admission or access to, or treatment or employment in, its federally assisted programs and services. The person named below has been designated to coordinate compliance with the nondiscrimination requirements implementing Section 504 (24CFR, part 8 dated June 2, 1988).
Mike Farrel, EAH Inc, 2169 E Francisco Blvd Ste B, San Rafael CA 94901
Ph (415)285-1800, TDD (800)735-2929, Email: mfarrel@eahhousing.org

EQUAL HOUSING OPPORTUNITY

Shelter Hill Apartments HUD Section 8/236 Waiting List opening July 23, 2012

Pick up applications in person or request by mail July 23, 2012 - July 27, 2012

Shelter Hill Apartments
37 Miwok Way
Mill Valley, CA 94941
(415) 383-1577 office
sa-manager@eahhousing.org

50059

Shelter Hill Apartments

Characteristics of All Household Members

Summary Totals for all Household Members by Property and Contract (Row) and Relation (Column)

		CoHead	Dependent	Head	Other	Spouse	Total
sa2 - Shelter Hill Apartments	236	4	7	4	5	3	**23**
	CA39M000216	3	34	46	15	13	**111**
	Total	**7**	**41**	**50**	**20**	**16**	**134**
Total		**7**	**41**	**50**	**20**	**16**	**134**

Summary Totals for all Household Members by Property and Contract (Row) and Gender (Column)

		Female	Male	Total
sa2 - Shelter Hill Apartments	236	10	13	**23**
	CA39M000216	71	40	**111**
	Total	**81**	**53**	**134**
Total		**81**	**53**	**134**

Summary Totals for all Household Members by Property and Contract (Row) and Race (Column)

		Declined to Report	Other	White	Black	Asian	Pacific Islander	Native American
sa2 - Shelter Hill Apartments	236	4	5	0	7	7	0	0
sa2 - Shelter Hill Apartments	CA39M000216	14	9	24	27	43	1	16

Shelter Hill Apartments

Summary Totals for all Household Members by Property and Contract (Row) and Ethnicity (Column)

Summary Totals for all Household Members by Property and Contract (Row) and Age Group (Column)

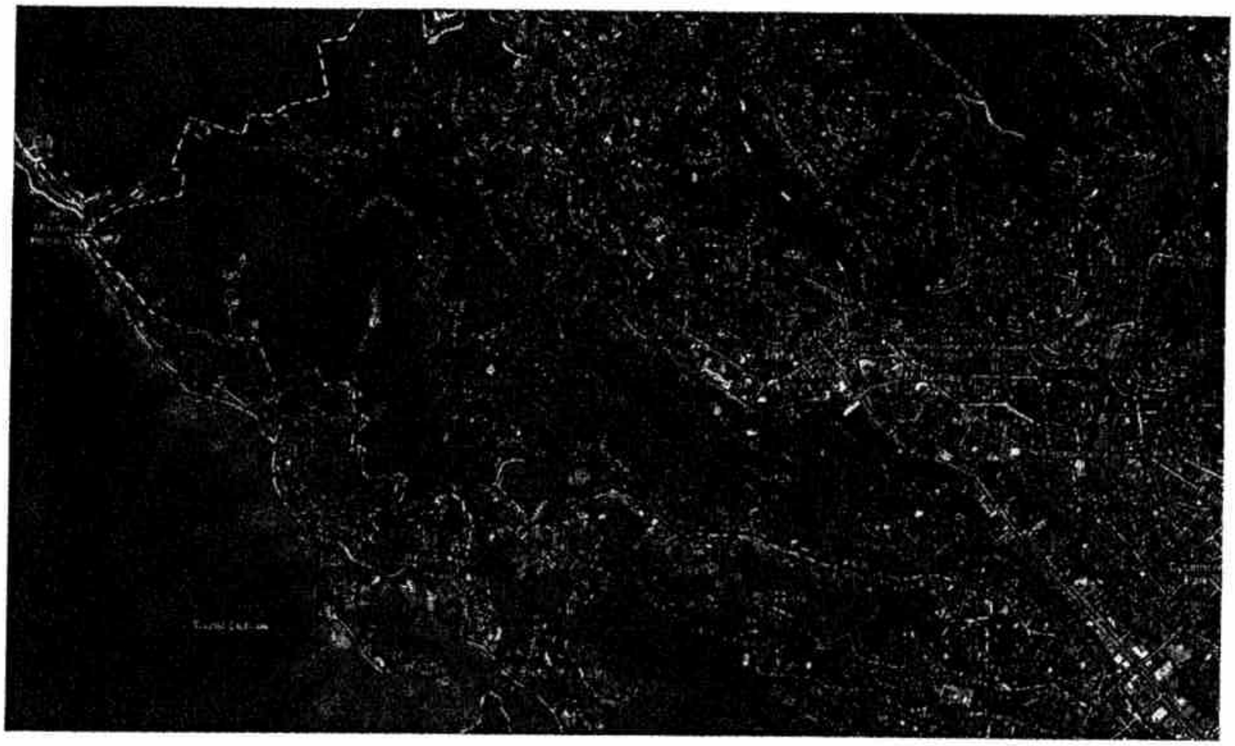
		0- 5	6- 12	13- 17	18- 21	21- 29	30- 39	40- 49	50- 54
sa2 - Shelter Hill Apartments	236	1	4	2	4	3	2	2	0
	CA39M000216	8	17	6	8	12	13	11	2
	Total	**9**	**21**	**8**	**12**	**15**	**15**	**13**	**2**
Total		**9**	**21**	**8**	**12**	**15**	**15**	**13**	**2**

Summary Totals for all Household Members Special Status
** Note: Individuals may be in more than 1 category

	Total	Percent
62 and over:	24	17.91%
Frail Elderly:	0	0.00%
Disabled:	9	6.72%
Full-Time Student Over 18:	2	1.49%
Joint Dependent:	1	0.75%
No Special Status:	99	73.88%
More Than 1 Special Status:	2	1.49%

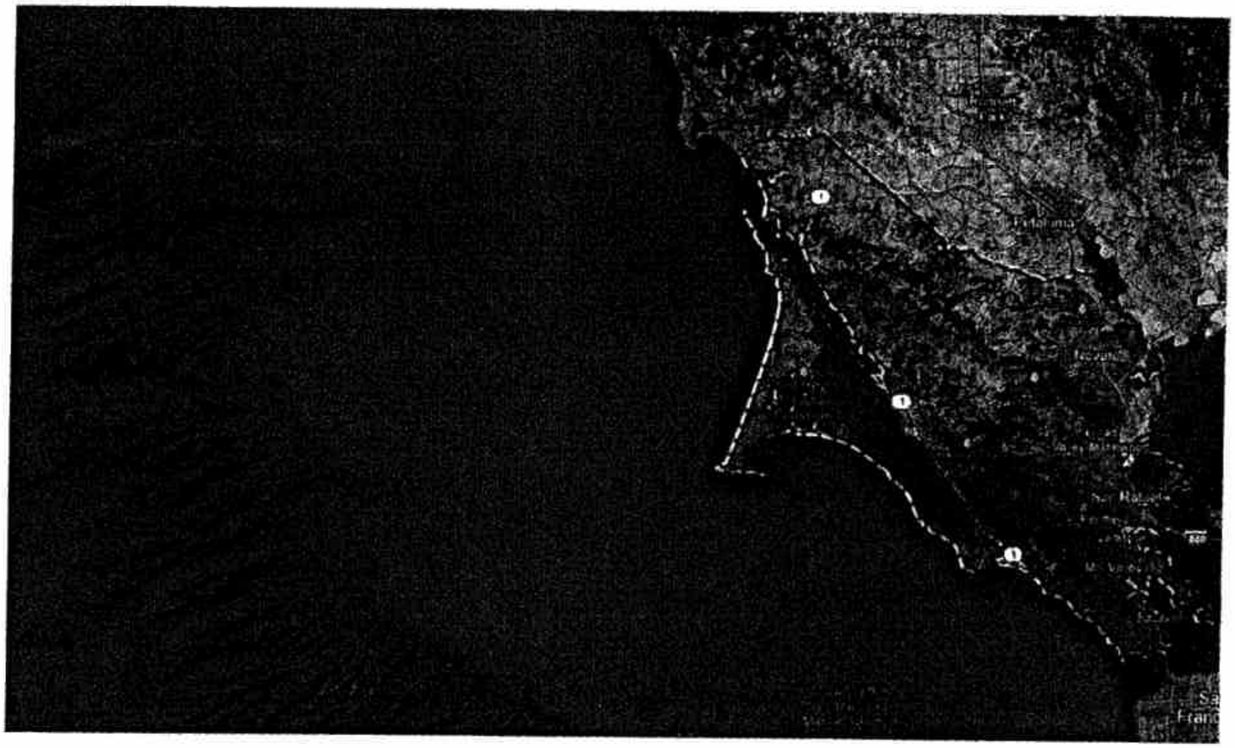
Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



Google

To see all the details that are visible on the screen, use the "Print" link next to the map.



Conceptual Sketch

1 HAMILTON DRIVE TEST-FIT | EXISTING SITE CONDITIONS + PROGRAM SUMMARY

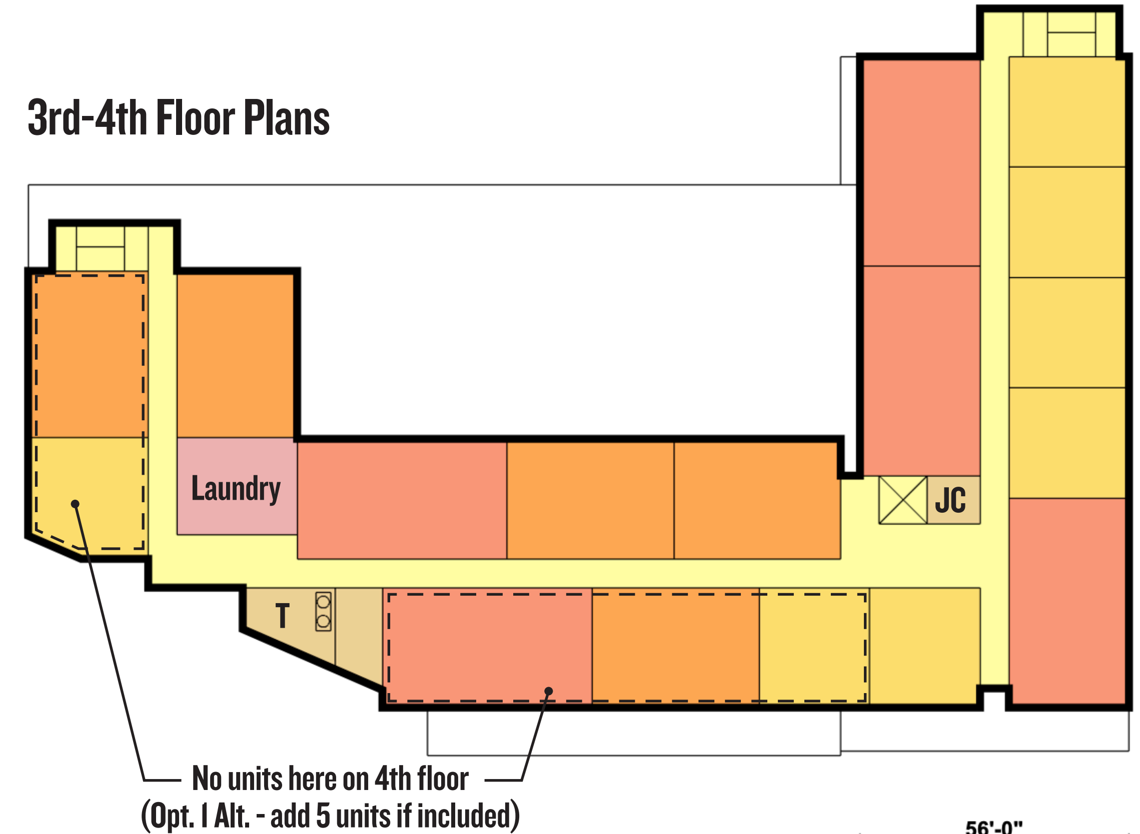
MILL VALLEY, CA | FEBRUARY 7, 2022 | EAH HOUSING

EAH HOUSING
A roof is just the beginning

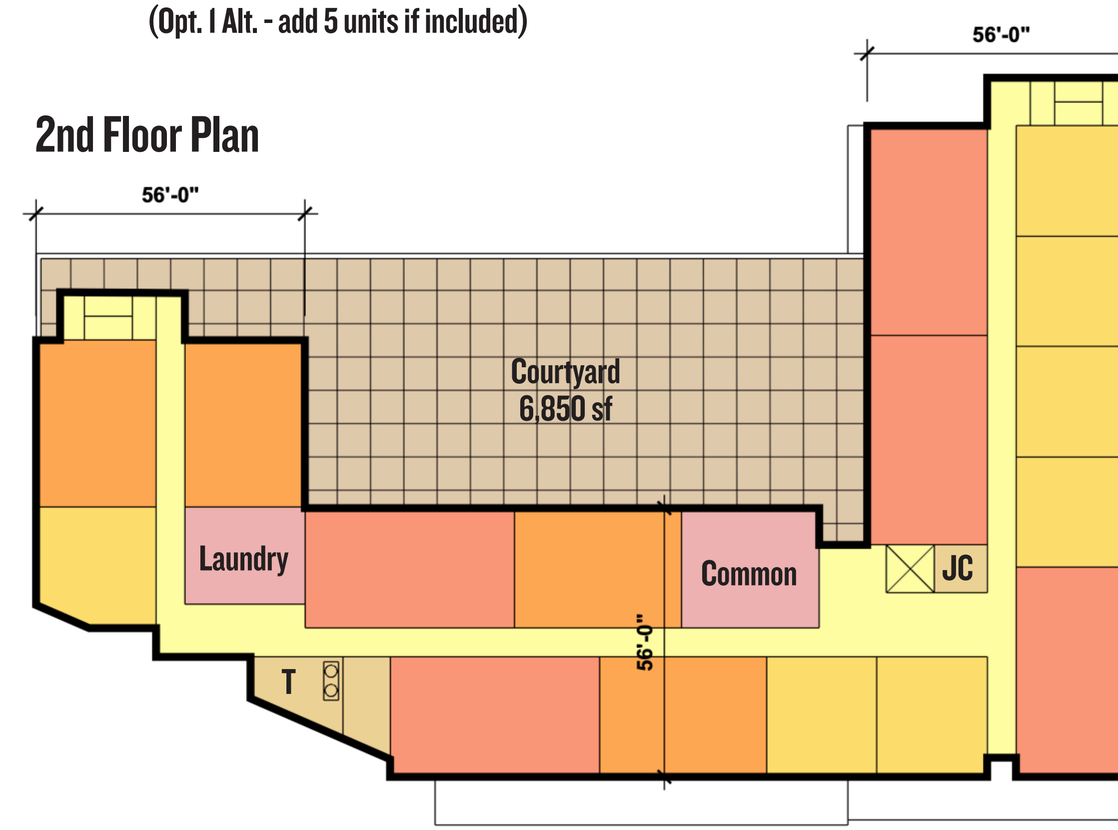
VAN METER WILLIAMS POLLACK LLP

Ground Floor Site Plan

3rd-4th Floor Plans



2nd Floor Plan



1 HAMILTON DRIVE TEST-FIT | CONCEPTUAL FLOOR PLANS: OPTION 1 + OPTION 1 ALT.

MILL VALLEY, CA | DECEMBER 7, 2021 | EAH HOUSING

EAH HOUSING
A roof is just the beginning

VAN METER WILLIAMS POLLACK LLP

1 HAMILTON DRIVE TEST-FIT | BIRDSEYE VIEWS: OPTION 1

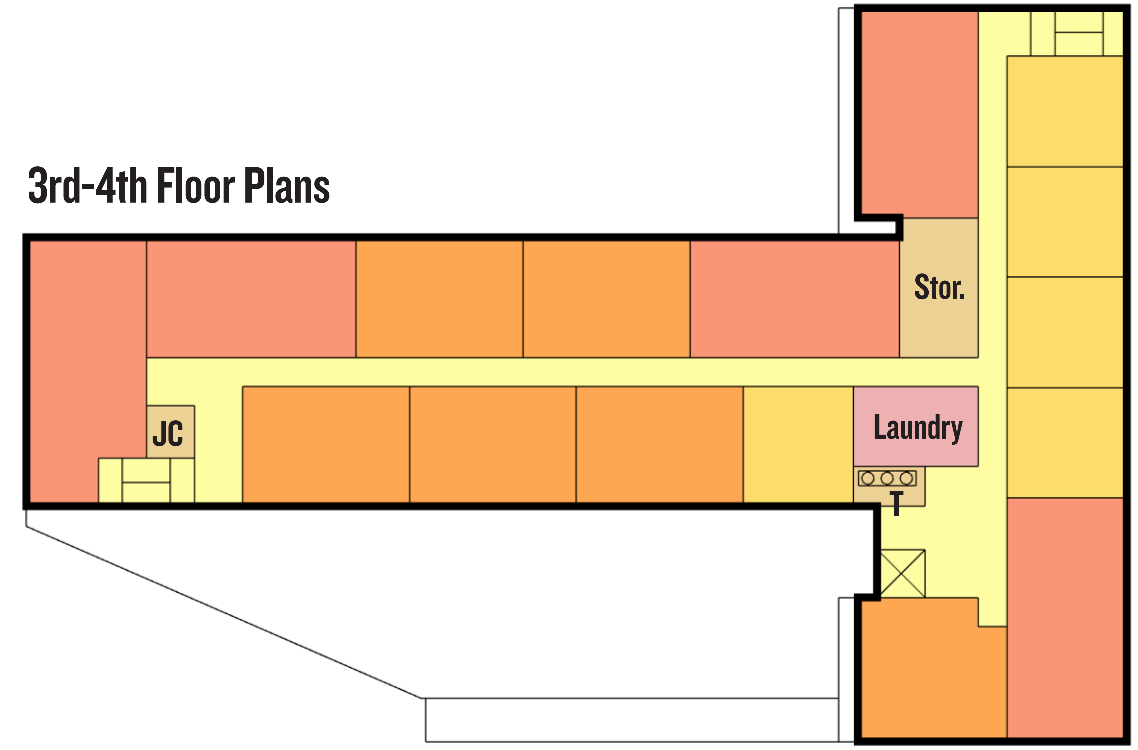
MILL VALLEY, CA | DECEMBER 7, 2021 | EAH HOUSING

EAH HOUSING
A roof is just the beginning

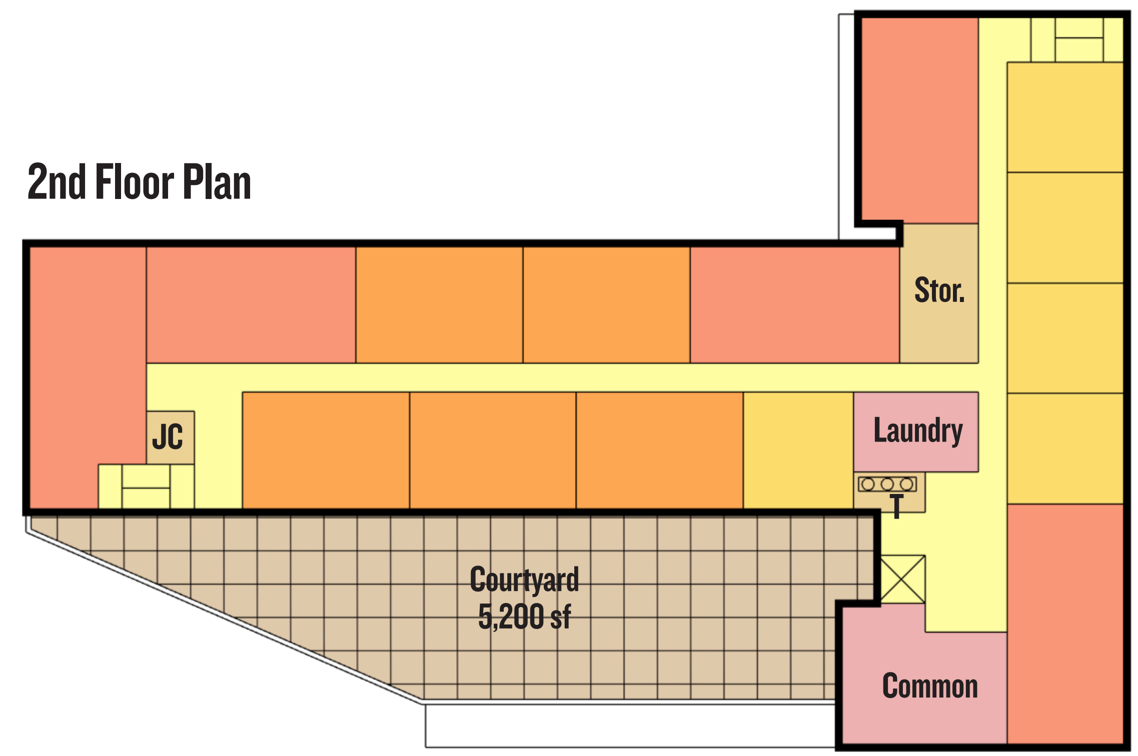
VAN METER WILLIAMS POLLACK LLP

Ground Floor Site Plan

3rd-4th Floor Plans



2nd Floor Plan



1 HAMILTON DRIVE TEST-FIT | CONCEPTUAL FLOOR PLANS: OPTION 2

MILL VALLEY, CA | DECEMBER 7, 2021 | EAH HOUSING

EAH HOUSING
A roof is just the beginning

VAN METER WILLIAMS POLLACK LLP

1 HAMILTON DRIVE TEST-FIT | BIRDSEYE VIEWS: OPTION 2

MILL VALLEY, CA | DECEMBER 7, 2021 | EAH HOUSING

EAH HOUSING
A roof is just the beginning

VAN METER WILLIAMS POLLACK LLP

1 HAMILTON DRIVE TEST-FIT | VIEW FACING EAST ON ROQUE MORAES DRIVE: OPTION 2

EAH HOUSING
A roof is just the beginning
VAN METER WILLIAMS POLLACK LLP


NO
PARKING
ANY
TIME

Community Engagement and Outreach Plan

Community Outreach & Engagement Plan

Re: 1 Hamilton Avenue, Mill Valley
Approved: February 7, 2022

Overview

EAH and Van Meters William Pollack (the development team) recognize that community participation is a critical component of the planning process. Provding the opportunity for public input encourages citizens to be invested in the future of their community. The public outreach and engagement plan describes how community members, project partners and stakeholders will be engaged throughout the planning and design process. The outreach and engagement plan serves as a guide for community involvement and is subject to change based on input received.

Approach

PHASE 1: Information Gathering

Identify key stakeholders and document neighborhood and community interests and concerns regarding the development of the 1 Hamilton site. This first phase usually consists of one community meeting to kick off the project, followed by small informal focus group meetings with community stakeholders.

The purpose of this phase is to assess the areas of community interest, and shape outreach materials accordingly.

PHASE 2: The Focused Community Outreach

Engage community residents and stakeholders to participate in design discussions, which include input and feedback on design concepts to refine the site plan and architectural details.

The goal of this phase is to obtain general consensus on a preferred site plan and schematic design concept which will be submitted to the City's for review and approval.

PHASE 3: Entitlement Package Submittal and Support

Provide on-going support to assist in the development review and approval process. Attend public hearings and document community support for the project.

PHASE 4: Ongoing Community Outreach

EAH Housing staff will continue to reach out to our neighbors long after project approval, from site development, construction, and through full occupancy. We pride ourselves on being an active and supportive partner in the communities where we develop and manage affordable housing. We consider our community outreach program as the first step in a long-term relationship between EAH and our neighbors.

Communication Methods

Our methods for communication are adaptive and flexible to reach the broadest segment of the population. Utilizing both analog and digital platforms, the development team will find the means to inform and engage the community in the development process. Dependent on Covid guidelines and community preference, some or all these methods can be utilized.

<u>Analog</u>

Direct Mail: will be sent to residents within a defined catchment. Information will include upcoming community meetings and opportunities to provide input on the proposed development and information on general project updates.

Door to Door: information on the development and events can be delivered on doorsteps. Our development team can visit local businesses, community centers, and churches to provide information on the future development.

Local Newspapers: ads can be placed in local newspapers to inform the community about upcoming meetings and provide general information on the future project and general development updates.

Community Events: the development team can attend local community events, such as street fairs, to engage and inform the community about the future project.

Small Focus Groups: the development team will meet with small local targeted groups, such as the immediate neighbors Friends of Hauke Park, Sustainable Mill Valley, etc. to discuss specific concerns or questions regarding the future development.

In-Person Community Meetings: the development team will have community meetings to publicly discuss the development process and the specific elements of the future development project.

<u>Digital</u>

Direct Email: will be sent to those that sign up for our email list. Information shared will include upcoming community meetings, opportunities to provide input on the proposed development (examples: surveys or planning meetings), and general project updates.

Project Website: will provide general information on the proposed development, including a site map, affordability information, project team and contacts, upcoming events, general development timeline, frequently asked questions, and the ability to sign-up for project updates.

Online Community Groups: information can be shared via local online community forums such as Nextdoor or local Facebook groups.

Online Community Meetings: the development team can have community meetings using an online platform to publicly discuss the development process and the specific elements of the future development project.

Planned Community Meetings

The meetings below are the general guide to the types of community meetings we will have and the projected timeline. Additional meetings can be added. More specifically, community meetings 2 & 3 can be an iterative process with multiple rounds of community input and reporting.

At all community meetings, there will be assigned note-takers to capture community comments. Questions and answers will be shared via the development webpage.

Community Meeting 1: Project and Team Introduction

When: March 2022

Location: Mill Valley Community Center (or online*)

Goal: Lay out existing site conditions and opportunities, introduce the project and project team, and collect community questions and concerns.

Format: Formal presentation followed by an open house with stations addressing specific topics

Description:

The project team will give a short formal presentation introducing themselves, the project, and the format for the open house. At each topic station, there will be a subject matter expert and a note-taker. Individuals will be encouraged to visit stations, ask questions and give feedback.

Information Stations:

1. Affordable Housing Overview- What is affordable housing, rents, incomes, and how households qualify for affordable housing.
2. Development timeline and process.
3. Replacement of current uses- parking and bathroom relocations options.
4. Design- views, massing, and site plan overview.
5. EAH property management and services.

*If online breakout rooms will be used in place of stations.

Focus Group Input: Small group meetings

When: Between Meetings 1 and 2

Location: Varies

Goal: Address specific concerns associated with site design and layout. Talk to direct neighbors and take suggestions for further view impact evaluations.

Format: Varies. May include online surveys or meetings on-site wih the project team to discuss neighborhood concerns, led by the Architect, VMWP.

Description:

Information gathering to discuss the site layout, including affordable housing opportunities, concerns about view impacts, replacement parking, and circulation, and park restroom. The project team will document expressed concerns and take requests into design considerations.

__**Community Meeting 2:** Initial Concepts__
When: April 2022
Location: Mill Valley Community Center (or online*)
Goal: Present initial concept and collect community feedback
Format: A formal presentation followed by a design charrette.

Description:
The development team will present 2-3 concepts for site layout. For each of the concepts, the tradeoff will be presented regarding the number of homes created, parking, and massing. The team will also provide an initial overall replacement plan illustrating options for replacement parking and circulation and relocation of the park restroom. The community will then be asked to participate in a design charrette providing feedback on elements and suggestions for improvements.

The development team will collect all community comments and integrate, where feasible, into the next iteration of the design concept.

*If online breakout rooms will be used for virtual design charrette, with survey questions for design elements.

__**Community Meeting 3:** Project Concept Update__
When: June 2022
Location: Mill Valley Community Center (or online)
Goal: Layout the feedback received at the previous meeting and how those suggestions have been integrated into the updated project concepts to establish consensus for the project design concept.
Format: Formal presentation and question and answerer session followed by an open house with stations addressing specific elements of the development.

Description:
The development team will present the consensus or preferred option with small sub-options for the development as well as for surrounding potential public improvements to parking and circulation and park restroom. Time will be taken to lay out how the design was arrived at based on the community input from the previous design charrette. Once the formal presentation is completed, community members will be given the opportunity to ask questions in an open forum.

After the open forum, community members will be invited to explore stations addressing specific elements of the project's development to ask questions, provide feedback, and provide solutions. Examples of stations that may be included are parking and traffic, site plan, and/or architectural design (style or optional styles) for the development.

*If online breakout rooms will be used in place of stations.

<u>Community Meeting 4:</u> <u>Pre-Submittal Design</u>
When: September 2022
Location: Mill Valley Community Center (or online)
Goal: Provide a final opportunity for community comment and prior to preparing entitlement package
Format: Formal presentation and open form question and answer session.

Description:
The development team will present the refined design, which is intended for submittal for design review and the zoning and general plan amendment process. It provides the community an opportunity to see the submitted proposal before the design review and provide final comments to the development team.

<u>Ongoing Small Group Meetings</u>
When: February to September 2022
Location: Various
Goal: Address specific concerns in small group settings to build consensus and support.
Format: Small group meetings in person or via an online platform.

Description:
The development team will continue to work with local organizations to inform and engage them in the development process for the future development at 1 Hamilton Drive.

EAH Leadership Team and Key Staff

Leadership Team

EAH HOUSING
A roof is just the beginning

LAURA HALL

President & CEO
CA Lic. 01910456

Laura Hall has more than twenty five years of leadership experience, including real estate development – new construction and acquisition/rehabilitation, facilities management and client services. She is a source of expertise in strategic planning, contract negotiations and operations management.

- Over 20 years of high-level operational and management expertise
- Real Estate Broker's License in California
- Joined EAH Housing in 2008

WELTON JORDAN

Chief Real Estate Development Officer (CREDO)

Welton Jordan manages a team of real estate development professionals and oversees the EAH pipeline, which includes business development, property acquisition, rehabilitation and new construction activities in California and Hawaii.

- Over 10 years of experience in multifamily housing development, real estate finance and economics
- Certified Housing Development Finance Professional, National Development Council
- Joined EAH Housing 2013

ROBERT SCHRAEGER

Senior Vice President
Real Estate Management (REM)
CA Lic. 011393639

Robert Schraeger is responsible for the full portfolio of EAH-managed properties in California and Hawaii. With the Real Estate Development Department, he reviews potential sites, develops budgets, and implements plans for future staffing.

- Over 30 years of multi-state real estate management experience in several Vice President roles
- Real Estate Broker's Licenses in California and Washington
- Affordable Housing Management Association (AHMA), Board of Directors
- Joined EAH Housing in 2017

Leadership Team

EAH HOUSING
A roof is just the beginning

CATHY MACY

Chief Financial Officer

Cathy Macy has over thirty years of accounting experience and is responsible for the complete financial data for all EAH Housing managed properties, corporate offices, and pre-development and development accounting.

- Over 30 years of high-level accounting experience
- Volunteers as Treasurer for Women's Cancer Awareness Group, headquartered in Petaluma, California
- Became Chief Financial Officer at EAH Housing in 2009
- Joined EAH Housing in 1989

MICHAEL FARREL

Vice President
Operations

Michael Farrel has over fourty years experience in real estate management contracts, appraisal, and asset management. Mr. Farrel currently oversees the daily operations of EAH Housing.

- Over 40 years of experience in property management and asset management
- Board of Director for the Affordable Housing Management Association of Northern California
- Awardee of Pamela Stroud Lifetime Achievement Leadership Award by AHMA NCNH in 2011
- Joined EAH Housing in 1987

KAREN BELANGER

Senior Vice President
Human Resources

Karen Belanger has over 20 years of experience in Human Resources, predominantly in the affordable housing industry. Ms. Belanger oversees a team responsible for developing and implementing human resources policies and programs encompassing compensation, benefits, performance management, training, employee relations, payroll, recruiting and retention.

- Over 20 years of experience in Humar Resources
- Certified as a Professional in Human Resources (PHR)
- Joined EAH Housing in 1997

Key Staff

EAH HOUSING
A roof is just the beginning

BRENDON BERGEN

Vice President
Asset Management

Brendon Bergen oversees the Asset Management Department and Compliance Team for EAH. He has an adaptable and thorough knowledge of finance and accounting with experience in commercial and multifamily residential property management. Brendon has served in leadership roles in affordable housing since 2011.

- Specialties in due diligence and public/private partnerships
- Eight years as financial analyst
- MBA John Carroll University
- Joined EAH Housing in 2019

DAVE EGAN

Vice President
Real Estate Development and Construction

Dave Egan focuses on active communication with the seller, lender, and equity partners with coordination and supervision of the property management and construction teams. His facilitates project challenges beginning with the property acquisition process through occupancy stabilization and permanent loan closing.

- Over 30 years of experience within the market rate residential real estate development industry
- Real Estate Broker's License in California
- Joined EAH Housing in 2008

DENICE WINT

Director
Real Estate Development (RED)

Denice Wint is primarily responsible for the supervision of project management staff executing multi-million-dollar rental housing and other real estate development projects on behalf of EAH, and facilitating relationships with local financial and government partners.

- Over 10 years of experience in multifamily housing develop-ment, financial management, and ecomonic development
- Board member of various organizations like Harbor City Neighborhood Council, SCANPH
- Joined EAH Housing in 2018

Key Staff

EAH HOUSING
A roof is just the beginning

KRISTIN TAYLOR

Director
Resident Services

Kristin Taylor oversees all resident services initiatives, including resident advocacy, digital literacy, supportive services partnerships. Her team of resource coordinators, leads and managers encompasses staff at over 50 properties throughout California and Hawaii.

- Over 15 years of experience in social services, youth development, and program management
- Certified in Crisis Prevention Intervention (CPI)
- Mental Health First Aid Certified: Youth and Adult
- Joined EAH Housing in 2017

TIM KOEHLER

Director
Supportive Services

Tim Koehler oversees supportive housing programs throughout the EAH portfolio including case management contracts, quality of service delivery for permanent supportive housing communities, lease-up and construction input for new properties, and management training needs.

- Over 30 years of experience in supportive services, counseling, housing first principles and trauma-informed care
- Multi-disciplinary work with special needs populations
- Certified Trauma Informed Care Trainer
- Joined EAH Housing in 2019

CATINA WILSON

Compliance Director
Real Estate Management (REM)

Catina Wilson provides compliance training, establishes corporate policies, and oversees site reporting and file reviews. She assists the Real Estate Development Department with lease-ups and compliance for new construction and acquisition/rehabilitation projects.

- Over 20 years of experience in property management, training and compliance
- Certified Occupancy Specialist (COS)
- National Compliance Profession-al – Executive (NCP-e)
- Joined EAH Housing in 1998

Other Funding Commitments

Section 5.1.5 of the ENA further describes the $150,000 predevelopment loan.

EXCLUSIVE NEGOTIATION AGREEMENT

THIS EXCLUSIVE NEGOTIATION AGREEMENT is dated as of **February 7, 2022** ("**Effective Date**"), and is entered into by and between the CITY OF MILL VALLEY, a municipal corporation ("**City**"), and EAH INC., a California nonprofit public benefit corporation ("**Developer**")(collectively, the "**Parties**").

RECITALS

A. The City owns certain property located 1 Hamilton Drive (Assessor's Parcel 030-250-01).

B. The City desires that a portion of the parcel located at 1 Hamilton Drive---such portion is generally the northern portion of the current parcel more specifically depicted on Exhibit "A", attached hereto (the "**Site**")---be developed as a 100 percent affordable housing development.

C. The City Council of the City of Mill Valley ("**City Council**") authorized and directed staff to issue a request for qualifications ("**RFQ**"), for an affordable housing project on the Site consisting of 100 percent of the units restricted for rental to very low and low income households at affordable rent on June 21, 2021.

D. on July 19, 2021 the City of Mill Valley released the RFQ and notified all California Housing Finance Agency certified developers that have notified the California Department of Housing and Community Development of their interest in purchasing or leasing surplus local land for affordable housing development in Marin County or any county in California, and other public entities with possible jurisdiction over the Property. in response to the RFQ EAH Housing submitted qualifications to the City in a timely manner and whereby EAH Housing proposes to ground lease or purchase the Property from the City and develop the Property with 100% affordable rental housing pursuant to Government Code Section 37364.

E. As noted in the Developer's statement of qualifications, the EAH Team is deeply experienced and well-capitalized not-for-profit corporation grounded in the belief that attractive, permanently affordable rental housing is the cornerstone to sustainable communities. Founded in Marin County based on the recognition that housing for all is a cornerstone to a fair and just society, the Developer is one of the oldest and most experienced nonprofit housing management and development organizations in the Country,

F. A selection committee consisting of the City Manager, Planning and Building Director, two members of the Housing Advisory Committee (City Council and Planning Commission liaisons) reviewed statement of qualifications submitted in response to the RFQ and conducted interviews on September 10, 2021

G. On September 20, 2021, the City Council declared the Site "exempt surplus property" pursuant to Government Code Sections 54221(b) and 54221(f)(1)(A) by way of Resolution CC21-51.

H. On September 20, 2021, the City Council selected the Developer and directed staff to negotiate an Exclusive Negotiation Agreement (this "**Agreement**") with Developer for the Site based on the Developers qualifications and the selection committee recommendations, as documented in the September 20, 2021 Staff Report, by way of Resolution CC21-52 .

I. The Parties intend to cause the Site to be developed under California Government Code Section 37364, which requires that dwelling units be restricted by regulatory agreement to remain continually affordable to low and moderate income households for the longest feasible time, but not less than 30 years, and that such regulatory agreement shall be recorded in the office of the county recorder in which the housing development is located; such regulatory agreement shall not be subordinated to any deed of trust.

J. City desires to increase the availability of affordable housing within the City by causing the development of the Site with approximately 40 units of rental housing that is 100 hundred percent affordable ("**Project**").

K. City and Developer desire to negotiate exclusively with each other regarding the potential terms and conditions of a disposition and development agreement ("DDA") between City and Developer for Developer to acquire and develop the Project on the Site, in accordance with the terms and conditions of this Agreement..

1. Negotiation of DDA. During the Negotiation Period (defined in Section 3 herein) and subject to the terms and conditions of this Agreement, both City staff and Developer shall negotiate the potential terms, conditions, covenants, restrictions and agreements of a DDA for the Site and Project. City agrees not to solicit any other proposals from or negotiate with any other person regarding development of the Site during the Negotiation Period. During the Negotiation Period, Developer shall complete all of the actions described in the "**Schedule of Performance**" attached to this Agreement as Exhibit "B," within the time period specified for each such action in the Schedule of Performance. Nothing in this Agreement shall be interpreted or construed to be a representation or agreement by either City or Developer that a mutually acceptable DDA will be produced from negotiations under this Agreement. Nothing in this Agreement shall impose any obligation on either Party to agree to or approve a definitive DDA in the future. Nothing in this Agreement shall be interpreted or construed to be a guaranty, warranty or representation that any proposed DDA that may be negotiated by City staff and Developer will be approved by the City Council of the City.

2. Developer Acknowledgments. Developer acknowledges and agrees that: (a) under this Agreement, City is not committing itself or agreeing to enter into a DDA or undertake any exchange, sale, lease or other transfer of real property, any disposition of any real property interests to Developer, approve the Project or any land use entitlements or undertake any other acts or activities; (b) no provision of this Agreement shall be deemed to be an offer by City, nor an acceptance by City of any offer or proposal from Developer, for City to convey any estate or interest in the Site to Developer or for City to provide any financial or other assistance to Developer for development of the Project or the Site; (c) Developer has not acquired, nor will acquire, by virtue of the terms of this Agreement, any legal or equitable interest in real or personal property from City; (d) further efforts by either Party to perform due diligence, arrange or obtain financing, or carry out other acts in contemplation of the possible acquisition, transfer or development of the Site or the Project shall not be deemed evidence of intent by either Party to be bound by any terms, conditions, covenants, restrictions or agreements relating to acquisition, transfer or development of the Site or the Project. Developer acknowledges and agrees that City's consideration of the Project and DDA is subject to the sole and absolute discretion of the City Council after conducting environmental review and any and all legally required public hearings, public meetings, notices, factual findings and other determinations and procedures required by law.

3. Negotiation Period.

3.1 Duration. The "**Negotiation Period**" shall begin on the Effective Date and shall expire at 5:00 p.m. Pacific Time on September 1, 2023, unless extended pursuant to Section 4 or earlier terminated pursuant to Section 3.2.

3.2 Termination. This Agreement shall terminate upon the earliest to occur of the following events: (a) the expiration of the Negotiation Period; or (b) the occurrence of an Event of Default by Developer under Section 13.1 of this Agreement, unless such breach is expressly waived in writing by the City; or (c) entry into a DDA by both City and Developer.

4. Extension of Negotiation Period. The City Manager shall have the right to extend the Negotiation Period three times for a period of ninety (90) days each (for an for an aggregate total of two hundred and seventy (270) days) provided that each such extension is in writing, and provided, further, that Developer is not in default of its obligations under this Agreement and has completed all of the actions described in the "**Schedule of Performance**" which are required to have be performed by Developer as of such date.

5. Possible DDA Provisions.

5.1 DDA Essential Terms and Conditions. The DDA may include provisions addressing all of the following described subjects:

5.1.1 Site Control. The Site may be purchased or leased from City by Developer, or Developer's permitted assignee.

5.1.2 DDA Schedule of Performance. A schedule of performance, attached to the DDA, may set forth deadlines for various actions of Developer.

5.1.3 Scope of Development. The Project is proposed by Developer to include approximately 40 affordable housing units serving households at or below 60% of Area Median Income (AMI) with a minimum parking ratio of 1:1, a plan for replacement and relocation of a minimum of 34 public parking stalls, and a plan for replacing the public restroom if the site area is needed for affordable housing development.

5.1.4 Financing Plan. In connection with the negotiations, the Developer shall submit a plan for financing the construction and operation of the Project to the City for review and approval. Such financing plan shall, at a minimum, include an obligation of Developer to apply for federal tax credits, and such other financing as is necessary in Developer's reasonable discretion to finance the development and operation of the Project, and all such tax credits must be awarded, and tax credit equity committed and available, and all other financing committed, closed and available as conditions to the close of escrow for the sale or lease.

5.1.5 City Financial Assistance. City shall provide up to $150,000 in the form of a predevelopment loan during the Negotiation Period (the "Predevelopment Loan") to pay for reasonable documented costs incurred by Developer in completing the tasks required of Developer under this ENA provided the costs are reasonably described in advance in a written budget to be provided by the Developer and approved by the City Manager in writing ("Eligible Expenses").

Such Predevelopment Loan will bear 0% interest, be evidenced by a promissory note acceptable to City (the "Note") and will be secured by assignment by the Developer to the City of any work product relating to the Project that have been paid for in whole or in part using the proceeds of the Predevelopment Loan (the "Work Product"), and the collateral assignment documents and written consents from contractors/architects/engineers and others necessary to effectuate such collateral assignment and assignment to City (upon failure to timely repay the loan) must be acceptable to the City Manager and City Attorney. The Predevelopment Loan shall become due upon the termination of this ENA, or the expiration of this ENA without a DDA being approved and signed; however, the City's sole recourse shall be limited to the Work Product. The City will disburse Predevelopment Loan proceeds to pay for Eligible Expenses on a reimbursement basis, quarterly, and as a condition to the County's disbursement obligation, Borrower will submit a disbursement request package ("Disbursement Request"). Each Disbursement Request shall include any applicable invoice or other documentation indicating the cost to be paid and showing the cost constitutes an Eligible Expense of the Project, dated less than thirty (30) days prior to the date of the Disbursement Request, unless submittal of an older invoice has been approved by the City. It is anticipated that the DDA will provide that the Predevelopment Loan will convert from a predevelopment loan to a below market, 55 year, residual receipts construction/permanent loan secured by the Site (but subordinate to deeds of trust securing any other secured financing necessary for the Project) upon the closing of the Developer's acquisition of the Site pursuant to the terms and conditions of the DDA.

5.1.6 Developer Compliance with Laws. Developer shall comply with the requirements of all applicable City ordinances, resolutions, regulations or other laws or approvals in all aspects (planning, design, construction, noise limits, management, and occupancy) of developing and operating the Project on the Site.

6. License to Enter Site. City authorizes Developer, its contractors, agents and employees to enter the Site during normal business hours for the purpose of performing tests, surveys and inspections, and obtaining data necessary or appropriate to negotiate the DDA or perform investigations related to the Project; provided, however, Developer shall deliver written notice (which may be delivered via electronic mail to _________________) seventy-two (72) hours prior to City of any such entry and written evidence of Developer's satisfaction of all insurance requirements of this Agreement prior to entering the Site. Developer shall promptly deliver copies of all written inspection results, tests and reports to the City.

7. Costs and Expenses. Except as set forth in Section 5.1.5 and Section 9 hereof, all fees or expenses of engineers, architects, financial consultants, legal, planning or other consultants or contractors, retained by Developer for any study, analysis, evaluation, report, schedule, estimate, environmental review, planning or design activities, drawings, specifications or other activity or matter relating to the Site or the Project or negotiation or documentation of a future DDA that may be undertaken by Developer during the Negotiation Period, pursuant to or in reliance upon this Agreement or in Developer's discretion, regarding any matter relating to this Agreement, a future DDA, the Site or the Project, shall be the sole responsibility of and undertaken at the sole cost and expense of Developer and no such activity or matter shall be deemed to be undertaken for the benefit of, at the expense of or in reliance upon City. Developer shall also pay all fees, charges and costs, make all deposits and provide all bonds or other security associated with the submission to and processing by the City of any and all applications and other documents and information to be submitted to the City by Developer pursuant to this Agreement or otherwise associated with the Project or the Site.

8. No City Approval. Nothing in this Agreement, nor any comments provided by City staff, nor any failure of City staff to provide comments to any submittal under or pursuant to this Agreement shall: (1) modify or replace any land use entitlement process of either the City applicable to the Project, (2) limit the police power land use jurisdiction of either the City relative

to the Project, (3) constitute an approval of all or any portion of the Project by the City pursuant to the police power land use jurisdiction of either the City or (4) constitute any approval of all or any portion of a future DDA with Developer by the City.

9. CEQA Compliance. The Developer acknowledges that all applicable requirements of the California Environmental Quality Act ("CEQA") must be met in order to execute and deliver the DDA and approve project entitlements allowing development of the Site and that this may require reports or analyses for CEQA purposes. In this regard, the City shall, at the City's cost and expense, undertake an Initial Study of the proposed Project pursuant to Section 15063 of CEQA or other appropriate documentation in order to determine the appropriate environmental documents and procedures that may be necessary to comply with CEQA as to the consideration and potential approval of the DDA by the City Council. The Developer hereby agrees to provide all assistance to the City necessary for it to carry out its obligations under CEQA. The Developer will fully cooperate with the City in the preparation of such analyses and reports.

10. City Due Diligence. City reserves the right to reasonably obtain further information, data and commitments to ascertain the ability and capacity of Developer to purchase, lease, develop and operate the Site or the Project. Developer acknowledges that Developer may be requested to make certain financial disclosures to City, City staff, legal counsel or other consultants, as part of the financial due diligence investigations of City relating to the potential sale of the Site and development of the Project on the Site by Developer and that any such disclosures may become public records. City shall maintain the confidentiality of financial information of Developer to the extent allowed by law, as determined by the City Attorney for the City.

11. Developer Indemnity. Developer shall indemnify, defend and hold harmless City, and the elected and appointed officials, officers, agents and employees of City (individually or collectively, an "**Indemnified Party**") against any and all losses arising out of any claim, liability, loss, damage, demand or cause of action, or any action or other proceeding, whether meritorious or not, arising through Developer, Developer's contractors or employees that relates to or arises out of: (i) property damage or bodily injury or death of any person in connection with this Agreement; (ii) entry upon the Site by Developer, its contractors or employees; (iii) any inspection of the Site by Developer, its contractors or employees; or (iv) the preparation of any report or plans commissioned by Developer; provided, however, that no Indemnified Party shall be entitled to indemnification under this Section 10 for matter caused by such Indemnified Party's gross negligence or willful misconduct or for any matter arising solely from the discovery of any pre-existing condition upon the Site. In the event any action or proceeding is brought against an Indemnified Party by reason of a claim arising out of any loss for which Developer is obligated to indemnity, defend or hold harmless the Indemnified Party, and upon written notice from such Indemnified Party, Developer shall, at Developer's sole expense, answer and otherwise defend such action or proceeding. The provisions of this Section 11 shall survive the expiration or termination of this Agreement.

12. Developer Insurance.

12.1 Types of Insurance. Without in any way limiting Developer's indemnification obligations under this Agreement, subject to the other provisions of this Section 12 and subject to approval by City of the insurers and policy forms, Developer shall obtain and maintain, at Developer's expense, the following insurance throughout the Negotiation Period and shall cause City to be an additional insured thereunder:

12.1.1 Liability Insurance. "**Liability Insurance**" means and refers to commercial general liability insurance against claims for bodily injury, personal injury, death, or property damage occurring upon, in, or about the Site or adjoining streets or passageways, at least as broad as Insurance Services Office Occurrence Form CG0001, with a minimum liability limit of Two Million Dollars ($2,000,000) for any one occurrence and which may be provided through a combination of primary and excess or umbrella insurance policies. If commercial general liability insurance or other form with a general aggregate limit is used, either the general aggregate limit shall apply separately to the Site or the general aggregate limit shall be twice the required minimum liability limit for any one occurrence.

12.2 Nature of Insurance. All Liability Insurance and Automobile Liability Insurance policies this Agreement requires shall be issued by carriers that: (a) are listed in the then current "Best's Key Rating Guide—Property/Casualty—United States & Canada" publication (or its equivalent, if such publication ceases to be published) with a minimum financial strength rating of "A-" and a minimum financial size category of "VII"; and (b) are authorized to do business in the State of California by the State of California Department of Insurance. Developer may provide any insurance under a "blanket" or "umbrella" insurance policy, provided that: (i) such policy or a certificate of such policy shall specify the amount(s) of the total insurance allocated to the Site, which amount(s) shall equal or exceed the amount(s) required by this Agreement; and (ii) such policy otherwise complies with the insurance requirements in this Agreement.

13. Restrictions Against Change in Ownership, Management or Control of Developer; Assignment of Agreement.

13.1 Developer Assignment. City and Developer acknowledge and agree that City is entering into this Agreement with Developer on the basis of the particular experience, financial capacity, skills and capabilities of Developer. This Agreement is personal to Developer and is not assignable without the prior written consent of City, which may be given, withheld or conditioned in City's sole and absolute discretion. Consent to assignment shall be in writing and may be executed by the City Manager.

13.2 Assignment to Project Partnership. Notwithstanding the foregoing, Developer may assign this Agreement, without City's consent, to a limited partnership in which Developer or a limited liability in which Developer is the sole member acts as the sole and managing general partner of such limited partnership, subject to all of the following conditions: (i) Developer provides the City with at least ten (10) days prior written notice of such proposed assignment, (ii) such limited partnership's sole purpose is development, ownership and operation of the Project on the Site; (iii) such limited partnership expressly assumes all of the obligations of Developer under this Agreement in a written assumption agreement delivered to and reasonably satisfactory to City; and (iv) Developer shall have delivered the LP-1 and partnership agreement to the City. Notwithstanding any assignment of this Agreement, Developer, shall, at all times, be responsible and obligated directly to City for performance of Developer's obligations under this Agreement.

13.3 Definitions. For the purposes of this Agreement, the term "**Affiliate**" means any person, directly or indirectly, controlling or controlled by or under common control with Developer, whether by direct or indirect ownership of equity interests, by contract, or otherwise.

14. Developer Events of Default and City Remedies.

14.1 Developer Events of Default. The occurrence of any of the following shall constitute an "**Event of Default**" on the part of Developer under this Agreement:

14.1.1 Schedule of Performance. Failure of Developer to meet a performance milestone by the applicable date contained in the Schedule of Performance, if such failure is not cured within thirty (30) days after written notice of such failure.

14.1.2 Misrepresentation. Any material breach of any representation or warranty made by Developer in this Agreement that is not cured within thirty (30) days after written notice from City to Developer of such breach.

14.1.3 Unauthorized Assignment. Any assignment or attempted assignment by Developer in violation of Section 12.

14.1.4 Insurance. Failure of Developer to procure or maintain any of the insurance coverage required by this Agreement resulting in a lapse in required insurance coverage.

14.2 City Remedies. If there is an Event of a Default by Developer, City may, in City's sole and absolute discretion, terminate this Agreement by delivering written notice of termination to Developer. Upon any such termination, neither Party shall have any further rights or obligations to the other under this Agreement, except obligations that expressly survive termination of this Agreement.

15. Developer Representations and Warranties. Developer represents, warrants and covenants to and for the benefit of City, as of the Effective Date and at all times during the Negotiation Period, as follows:

15.1 Valid Existence; Good Standing; Joint Venture Relationships. Developer is a nonprofit public benefit corporation duly organized and validly existing under the laws of the State of California. Developer has all requisite power and authority to own its property and conduct its business as presently conducted. Developer has made all filings and is in good standing in the jurisdiction of the State of California.

15.2 Authority. Developer has all requisite power and authority to enter into and perform this Agreement.

15.3 No Limitation on Ability to Perform. Neither Developer's articles of incorporation nor any other organizational document regarding Developer in any way prohibits, limits or otherwise affects the right or power of Developer to enter into or perform this Agreement. Developer is not a party to or bound by any contract, agreement, indenture, trust agreement, note, obligation or other instrument that could prohibit, limit or otherwise affect Developer's entry into or performance of this Agreement. To the best of Developer's knowledge, no consent, authorization or approval of, or other action by, and no notice to or filing with, any governmental authority, regulatory body or any other person or entity is required for the due execution, delivery or performance by Developer of this Agreement or any of the terms or covenants contained in this Agreement. There is no pending or threatened suit or proceeding or undischarged judgment affecting Developer before any court, governmental agency, or arbitrator that might materially adversely affect the enforceability of this Agreement, the ability of Developer to perform the transactions contemplated by this Agreement or the business, operations, assets or condition of Developer.

15.4 Valid Execution. The execution and delivery of this Agreement by Developer have been duly and validly authorized by all necessary action of Developer and others. This Agreement will be a legal, valid and binding obligation of Developer, enforceable against Developer in accordance with its terms. Developer has provided to City a written resolution of Developer's Board of Directors authorizing Developer's entry into and performance of this Agreement.

16. Notices. A notice or communication under this Agreement by either Party to the other shall be sufficiently given or delivered, if in writing and delivered by messenger, overnight air courier or registered or certified first class mail with return receipt requested (for U.S. mailings) to the appropriate Party at its address as follows:

In the case of a notice or communication to City:

City Manager's Office
City of Mill Valley
26 Corte Madera Avenue
Mill Valley, CA 94941
Attn: Alan Piombo

With a copy to:

Richards, Watson & Gershon
One Sansome Street, Suite 2850
San Francisco, CA 94104
Attn: Inder Khalsa

And in the case of a notice or communication sent to Developer:

EAH, Inc.
22 Pelican Way
San Rafael, CA 94901
Attn: Bianca L. Neumann, Director Business Development

With a copy to:

Bocarsly Emden Cowan Esmail & Arndt LLP
633 West 5th Street, 64th Floor
Los Angeles, CA 90071
Attn: Nicole Deddens

Any mailing address may be changed at any time by giving written notice of such change in the manner provided above at least ten (10) days prior to the effective date of the change. All notices under this Agreement shall be deemed given, received, made or communicated on the date personal receipt actually occurs or, if mailed, on the delivery date or attempted delivery date shown on the return receipt.

17. General Provisions.

17.1 Amendments. This Agreement may be amended or modified only by a written instrument signed by both City and Developer.

17.2 Severability. If any provision of this Agreement, or its application to any person or circumstance, is held invalid by any court, the invalidity or inapplicability of such provision shall not affect any other provision of this Agreement or the application of such provision to any other person or circumstance, and the remaining portions of this Agreement shall continue in full force and effect, unless enforcement of this Agreement as so modified by and in response to such invalidation would be unreasonable or grossly inequitable under all of the circumstances or would frustrate the fundamental purposes of this Agreement. Without limiting the foregoing, in the event that any applicable federal or state law prevents or precludes compliance with any material term of this Agreement, the Parties shall promptly modify, amend or suspend this Agreement, or any portion of this Agreement, to the extent necessary to comply with such provisions in a manner which preserves to the greatest extent possible the benefits to each of the Parties to this Agreement. However, if such amendment, modification or suspension would deprive City or Developer of the substantial benefits derived from this Agreement or make performance unreasonably difficult or expensive, then the affected Party may terminate this Agreement upon thirty (30) days written notice to the other Party. In the event of such termination, neither Party shall have any further rights or obligations under this Agreement except as otherwise provided herein.

17.3 Non-Waiver. No waiver made by either Party with respect to the performance, or manner or time of performance, or any obligation of the other Party or any condition to its own obligation under this Agreement will be considered a waiver with respect to the particular obligation of the other Party or condition to its own obligation beyond those expressly waived, to the extent of such waiver, or a waiver in any respect in regard to any other rights of the Party making the waiver or any other obligations of the other Party.

17.4 Non-Liability. No member, official, agent or employee of City will be personally liable to Developer, or any successor in interest (if and to the extent permitted under this Agreement), in an event of default by City or for any amount that may become due to Developer or successor or on any obligations under the terms of this Agreement. No director, officer, agent or employee of Developer will be personally liable to City in an event of default by Developer or for any amount that may become due to City or on any obligations under the terms of this Agreement.

17.5 Successors and Assigns; Third Party Beneficiary. This Agreement shall inure to the benefit of and bind the respective successors and assigns of City and Developer, subject to the limitations on assignment by Developer set forth in Section 12. This Agreement is for the exclusive benefit of the Parties to this Agreement and not for the benefit of any other person and shall not be deemed to have conferred any rights, express or implied, upon any other person.

17.6 Governing Law. City and Developer acknowledge and agree that this Agreement was negotiated, entered into and is to be fully performed in the City. City and Developer agree that this Agreement shall be governed by, interpreted under, and construed and enforced in accordance with the substantive and procedural laws of the State of California, without application of conflicts or choice of laws principles.

17.7 Compliance with Law. Developer acknowledges that any future DDA, if approved by City governing body, will require Developer (among other things) to carry out the development of the Project on the Site in conformity with all applicable laws, including all applicable building, planning and zoning laws, environmental laws, safety laws and federal and state labor and wage laws.

18. Interpretation of Agreement. No inference in favor of or against any Party shall be drawn from the fact that such Party has drafted any part of this Agreement. The Parties have both participated substantially in the negotiation, drafting, and revision of this Agreement, with advice from legal and other counsel and advisers of their own selection. A word, term or phrase defined in the singular in this Agreement may be used in the plural, and vice versa, all in accordance with ordinary principles of English grammar, which shall govern all language in this Agreement. The words "include" and "including" in this Agreement shall be construed to be followed by the words: "without limitation." Each collective noun in this Agreement shall be interpreted as if followed by the words "(or any part of it)," except where the context clearly requires otherwise. Every reference to any document, including this Agreement, refers to such document, as modified from time to time (excepting any modification that violates this Agreement), and includes all exhibits, schedules, addenda and riders to such document. The word "or" in this Agreement includes the word "and." Every reference to a law, statute, regulation, order, form or similar governmental requirement refers to each such requirement as amended, modified, renumbered, superseded or succeeded, from time to time. Headings at the beginning of each section or sub-section of this Agreement are solely for the convenience of reference of City and Developer and are not a part of this Agreement. Whenever required by the context of this Agreement, the singular shall include the plural and the masculine shall include the feminine and vice versa. Unless otherwise indicated, all references to sections are to this Agreement. All exhibits referred to in this Agreement are attached to this Agreement, unless otherwise specified.

18.1 Entire Agreement. This Agreement (including the attachments and exhibits) contains all of the representations of and the entire agreement between the Parties with respect to the subject matter of this Agreement. Any prior correspondence, memoranda, agreements, warranties or representations relating to such subject matter are superseded in total by this Agreement. No prior drafts of this Agreement or changes from those drafts to the signed version of this Agreement shall be introduced as evidence in any litigation or other dispute resolution proceeding by either Party or any other person and no court or other body shall consider those drafts in interpreting this Agreement.

18.2 Time for Performance.

18.2.1 Expiration. All performance, expiration or termination dates (including cure dates) in this Agreement (including the attached Schedule of Performance) expire at 5:00 p.m., Pacific Time, on the specified date.

18.2.2 Weekends and Holidays. A date that falls on a Saturday, Sunday or City holiday is deemed extended to the next day on which the City is open for performance of general City functions with regular City personnel.

18.2.3 Days for Performance. All periods for performance specified in this Agreement in terms of days shall be calendar days, and not business days, unless otherwise expressly provided in this Agreement.

18.2.4 Time of the Essence. Time is of the essence with respect to each provision of this Agreement.

18.3 Counterparts. This Agreement may be signed in multiple counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

18.4 Survival. Notwithstanding anything to the contrary in this Agreement, each indemnity obligation under this Agreement shall survive expiration or termination of this Agreement. Further all other obligations under this Agreement that arise and were not satisfied before expiration or termination of this Agreement shall survive any expiration or termination of this Agreement.

18.5 Non-Discrimination. Developer covenants by and for itself and its successors or assigns, and all persons claiming under or through it, and this Agreement is made and accepted upon and subject to the following conditions:

18.5.1 Standards. That there shall be no discrimination against or segregation of any person or group of persons, on account of any basis listed in subdivision (a) or (d) of Section 12955 of the Government Code, as those bases are defined in Sections 12926, 12926.1, subdivision (m) and paragraph (l) of subdivision (p) of Section 12955, and Section 12955.2 of the Government code, in the sale, lease, sublease, transfer, use, occupancy, tenure, or enjoyment of the Site nor shall Developer, itself, himself or herself, or any person claiming under or through it, him or her, establish or permit any such practice or practices of discrimination or segregation with reference to the selection, location, number, use, or occupancy, of tenants, lessees, subtenants, sublessees, or vendees in the Site.

18.6 Relationship of the Parties. The subject of this Agreement is a private development with neither Party acting as the agent of the other Party in any respect. None of the provisions in this Agreement shall be deemed to render City a partner in Developer's business, or joint venturer or member in any joint enterprise with Developer.

IN WITNESS WHEREOF, City and Developer have signed and entered into this Agreement as of the Effective Date by and through the signatures of their respective authorized representative(s), as follow:

CITY:

CITY OF MILL VALLEY,
a municipal corporation

By: [signature]

Print Name: **Alan E. Piombo, Jr.**

Title: **City Manager**

APPROVED AS TO FORM:

By: Inder Khalsa
Inder Khalsa, City Attorney

DEVELOPER:

EAH, INC.,
a California nonprofit public benefit corporation

By: Welton Jordan
Print Name: Welton Jordan
Title: Assistant Secretary

Demographic Data

EAH Marin County Portfolio Demographics	
Female	57%
Male	43%
Elderly	26%
Not Elderly	74%
Ethnicity	
Hispanic	38%
Non-Hispanic	49%
Declined to Report	13%
Declined to Report	13%
White	43%
Black or African American	8%
American Indian or Alaskan Native	11%
Asian	12%
Other	13%

EAH Baord Demographics	
Female	0%
Male	100%
Caucasian	75%
Asian	25%

Employee Breakdown By Gender and Ethnicity

Employment Status: Active

Gender: Ascending order; Ethnicity: Ascending order; Company: Ascending order; EEO Category: Ascending order

Employee Count	Female									Male									Summary
	American Indian/ Alaskan Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian or Other Pacific Islander	Not specified	Two or more races	White	**Female**	American Indian/ Alaskan Native	Asian	Black or African American	Hispanic or Latino	Native Hawaiian or Other Pacific Islander	Not specified	Two or more races	White	**Male**	
Administrative Support Workers		9	7	13	2	2		19	**52**		3		2	2			5	**12**	**64**
Craft workers			1	1			1		**3**	3	17	11	87	10	3	9	23	**163**	**166**
Executive/ Senior-Level Officials and Managers		7	4	1				9	**21**		4	3					10	**17**	**38**
First/Mid-Level Officials and Managers	3	25	19	63	5		7	33	**155**	1	7	4	17	1		1	18	**49**	**204**
Laborers and helpers										1	1	1	1	2				**6**	**6**
Professionals	1	19	15	31	5		2	17	**90**	1	7	3	7	1	1	2	3	**25**	**115**
Sales workers		3	2	11	1	1	2	2	**22**						1			**1**	**23**
Service workers				16	1			1	**18**	1	2	3	9	1	1	1	2	**20**	**38**
Technicians																	1	**1**	**1**
Summary	**4**	**63**	**48**	**136**	**14**	**3**	**12**	**81**	**361**	**7**	**41**	**25**	**123**	**17**	**6**	**13**	**62**	**294**	**655**

EAH Audited Financial Statements

EAH INC. AND AFFILIATES

A California Nonprofit Public Benefit Corporation

COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

June 30, 2019 and 2018

EAH INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
Years Ended June 30, 2019 and 2018

TABLE OF CONTENTS

SPITERI, NARASKY & DALEY, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
EAH Inc. and Affiliates

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of EAH Inc., a California nonprofit public benefit corporation, and affiliates which comprise the combined statements of financial position as of June 30, 2019 and 2018, 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 Combined 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 combined financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the 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 the entity's 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, the combined financial statements referred to above present fairly, in all material respects, the financial position of EAH Inc. and affiliates, as of June 30, 2019 and 2018, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

1024 Country Club Drive ✦ Moraga, California 94556 ✦ (925) 376-2195 ✦ sndcpa.com

Other Matters

Other Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The supplementary information is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is also not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued a report dated November 20, 2019 on our consideration of EAH Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 EAH Inc. and Affiliates' internal control over financial reporting and compliance.

Spiteri, Narasky & Daly LLP

Moraga, California
November 20, 2019

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2019 and 2018

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents	$ 20,440,526	$ 17,058,380
Restricted cash and deposits, current portion (note B)	9,678,348	5,638,591
Investments (note C)	12,738,987	15,603,280
Receivables, current portion (note D)	5,401,740	3,239,511
Prepaid expenses and deposits	640,127	640,962
Total current assets	48,899,728	42,180,724
Other assets		
Restricted cash and deposits, less current portion (note B)	32,432,270	28,998,524
Receivables, less current portion (note D)	4,770,879	1,466,158
Development in progress (note E)	5,285,779	4,239,464
Notes and advances receivable, including interest (note F)	19,819,948	11,918,274
Prepaid ground lease rent (note G)	4,632,055	4,687,501
Land held for lease and development (note H)	46,917,856	9,563,533
Property and equipment, net (note I)	585,788,506	542,801,945
Investments in uncombined entities (note C)	1,408,844	1,363,798
Deferred costs, net	697,339	734,888
Other assets	116,822	715,197
Total assets	$ 750,770,026	$ 648,670,006

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities		
Accounts payable and accrued expenses	$ 752,003	$ 1,053,104
Development costs payable	4,552,823	5,706,250
Line of credit payable (Note J)	1,123,092	-
Accrued interest payable, current portion	653,003	629,945
Notes payable, current portion (note K)	4,895,267	3,992,022
Total current liabilities	11,976,188	11,381,321
Long-term obligations		
Accrued expenses, less current portion	1,823,798	1,443,617
Tenant security deposits	2,407,992	2,048,480
Related party fees payable	145,246	155,646
Ground lease payable (note L)	65,842	162,153
Derivative financial instruments	323,291	-
Accrued interest payable, less current portion	31,745,889	37,597,508
Notes payable, net (note K)	409,231,854	362,531,422
Total liabilities	457,720,100	415,320,147
Net assets		
Controlling interests		
Without donor restrictions	122,297,486	96,503,265
Board-designated funds (note R)	18,698,244	18,263,356
Total controlling interests	140,995,730	114,766,621
Non-controlling interests	152,054,196	118,583,238
Total net assets	293,049,926	233,349,859
Total liabilities and net assets	$ 750,770,026	$ 648,670,006

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2019 and 2018

	2019	2018
Unrestricted support and revenue		
Support		
Grants and contributions - administrative	$ 677,196	$ 40,000
Grants and contributions - project development	2,250,000	154,157
Donations from affiliates	7,509,280	349,883
Other donations and fundraising events	187,374	125,868
Total support	10,623,850	669,908
Revenue		
Property management and accounting fees	4,791,552	4,436,769
Partnership and asset management fees	522,232	451,588
Development fees	5,451,069	1,868,135
Rental property income	57,204,628	50,171,194
Income from investments in partnerships	43,470	36,983
Interest and investment income	807,577	543,986
Net realized and unrealized gain on investments	372,635	618,222
Forgiveness of debt	11,103,850	-
Other income	870,478	2,378,996
Total revenue	81,167,491	60,505,873
Total support and revenue	91,791,341	61,175,781
Expenses		
Program services	77,999,293	63,893,105
Management and general	1,731,325	1,489,332
Fundraising	94,194	34,305
Total expenses	79,824,812	65,416,742
Change in net assets	11,966,529	(4,240,961)
Net assets - beginning of year	233,349,859	236,649,115
Capital contributions, net of distributions and syndication costs	47,733,538	941,705
Net assets - end of year	$ 293,049,926	$ 233,349,859

	2019	2018
Reconciliation of net assets		
Controlling interest:		
Beginning of year	$ 114,766,621	$ 105,950,041
Transfer of controlling interests	2,248,339	-
Change in net assets	23,980,770	8,816,580
End of year	140,995,730	114,766,621
Non-controlling interest:		
Beginning of year	118,583,238	130,699,074
Transfer of controlling interests	(2,248,339)	-
Capital contributions, net of distributions and syndication costs	47,733,538	941,705
Non-controlling interests in limited partnership earnings	(12,014,241)	(13,057,541)
End of year	152,054,196	118,583,238
Net assets, end of year	$ 293,049,926	$ 233,349,859

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2019 and 2018

	2019			
	Program Services	**Management & General**	**Fundraising**	**Total**
Salaries and related expenses	$ 22,973,179	$ 1,206,672	$ -	$ 24,179,851
Professional fees and consulting	2,845,085	162,106	-	3,007,191
Office rent and expenses	2,506,819	121,880	-	2,628,699
Administrative expenses	2,731,865	229,415	94,194	3,055,474
Utilities	4,162,427	5,914	-	4,168,341
Operating and maintenance	6,787,683	-	-	6,787,683
Taxes and insurance	2,437,786	5,338	-	2,443,124
Financing expenses	15,847,883	-	-	15,847,883
Depreciation and amortization	16,902,558	-	-	16,902,558
Other partnership expenses	687,609	-	-	687,609
Other expenses	116,399	-	-	116,399
Total expenses	$ 77,999,293	$ 1,731,325	$ 94,194	$ 79,824,812

	2018			
	Program Services	**Management & General**	**Fundraising**	**Total**
Salaries and related expenses	$ 12,341,406	$ 1,037,187	$ -	$ 13,378,593
Professional fees and consulting	2,529,826	157,427	-	2,687,253
Office rent and expenses	2,537,080	113,201	-	2,650,281
Administrative expenses	2,050,057	69,757	34,305	2,154,119
Utilities	3,691,837	6,612	-	3,698,449
Operating and maintenance	6,691,338	-	-	6,691,338
Taxes and insurance	3,047,536	10,123	-	3,057,659
Financing expenses	13,542,560	-	-	13,542,560
Depreciation and amortization	16,216,002	-	-	16,216,002
Other partnership expenses	1,187,890	-	-	1,187,890
Other expenses	152,598	-	-	152,598
Total expenses	$ 63,988,130	$ 1,394,307	$ 34,305	$ 65,416,742

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2019 and 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 11,966,529	$ (4,240,961)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	16,902,558	16,216,002
Amortization of debt issuance costs	712,077	71,483
Unrealized (gain) loss on investments	77,173	(287,109)
(Income) loss from investments in uncombined entities	(43,470)	(36,982)
Forgiveness of debt	(11,103,850)	-
Change in fair value of derivative financial instrument	912,983	(589,692)
(Increase) decrease in:		
Receivables	(5,466,950)	850,668
Prepaid expenses	835	(47,589)
Notes receivable interest	71,900	(159,571)
Prepaid ground lease	55,446	55,446
Other assets	8,683	129,827
Increase (decrease) in:		
Accounts payable and accrued expenses	68,680	(421,585)
Tenant security deposits	359,512	23,322
Ground lease payable	(96,311)	(9,147)
Accrued interest payable	871,167	3,317,045
Net cash provided by operating activities	15,296,962	14,871,157
CASH FLOWS FROM INVESTING ACTIVITIES		
(Deposits to) releases from restricted cash and deposits, net	(7,473,503)	(756,314)
(Deposits to) releases from investments, net	2,787,120	(3,390,933)
Payments for development in progress	(1,046,315)	(1,558,854)
Collection of (advances for) notes receivable	(7,973,574)	45,242
Purchase of land for development	(37,354,323)	-
Additions to property and equipment	(58,362,686)	(60,355,780)
Net cash used by investing activities	(109,423,281)	(66,016,639)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions, net of syndication costs	47,731,962	937,936
Payments of debt issuance and deferred costs	(1,026,638)	(654,397)
Proceeds from line of credit	3,862,771	-
Payments on line of credit	(2,739,679)	-
Proceeds from notes payable	106,001,782	53,077,186
Principal payments on notes payable	(56,321,733)	(6,420,600)
Net cash provided by financing activities	97,508,465	46,940,125
Increase (decrease) in cash	3,382,146	(4,205,357)
Cash and cash equivalents at beginning of year	17,058,380	21,263,737
Cash and cash equivalents at end of year	$ 20,440,526	$ 17,058,380

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

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

EAH Inc. (EAH) is a California nonprofit public benefit corporation whose purpose is the acquisition, development, rehabilitation and operation of housing for very low, low and moderate income households of the greater Bay Area, Fresno and Southern California and Hawaii. In addition, EAH owns real properties located in Marin, California which provide housing for low- and moderate-income individuals and families. These real properties are included in these combined financial statements as directly owned properties.

In addition, EAH is also affiliated with and under common board control with other not-for-profit and for profit corporations which have been formed either as supporting entities to EAH or as instruments to further EAH's organization objectives. These entities, which are included in the combined financial statements of EAH in accordance with accounting principles generally accepted in the Unites States of America, are listed below:

- Pelican Way EAH LLC (Pelican Way), a single member limited liability company whose single member is EAH that was formed to own, operate and maintain real property in San Rafael, CA. EAH leases its office space from Pelican Way.

- Single member limited liability companies whose single member is EAH that were formed to acquire land to be held for development as follows:

Greenfield Commons, LLC	Matsya Villas, LLC
Lake Park Oakland, LLC	Mission Paradise, LLC
Laurel EAH NC, LLC	Pointe on La Brea, LLC
Magnolia Villas, LLC	

- Single-purpose, single member limited liability companies (LLC's) holding controlling general partner interest (ranging from 0.01% to 1%) in their respective partnerships whose affordable housing is currently in development under the low income housing tax credit program (LIHTC) as follows:

Not-For-Profit Corporations and LLC's	Limited Partnership(s), if applicable
Avena Bella EAH, LLC	Avena Bella II, LP
Lightfighter Village EAH, LLC	Lightfighter Village, LP
Bridgecourt, Inc.	Matsya Villa, LP
Bridgecourt, Inc.	Mission Paradise, LP

- Single-purpose not-for-profit corporations that previously owned affordable housing project or currently hold a controlling general partner interest (ranging from 0.01% to 1%) in a limited partnership that is no longer operating an affordable housing project and in the process of being dissolved. In addition, EAH owns certain limited partner interests as noted:

Not-For-Profit Corporations	Limited Partnership(s), if applicable
Don Avante Family Homes, Inc.	(1) Don Avante Associates I, LP
Don Avante Family Homes, Inc.	(1) Don Avante Associates II, LP
Sonoma County Affordable Homes, Inc.	(1) Sonoma Creekside Limited Partnership
Three Oaks Family Homes, Inc.	(1) Three Oaks Housing, LP
South Winery Apartments, Inc.	(1) South Winery, LP
Ecumenical Housing Corporation	
North Marin Senior Housing Corporation	
West Marin/Ecumenical Senior Housing	

(1) EAH is the Limited Partner

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

- Single-purpose not-for-profit corporations and single member limited liability companies (LLC's) holding controlling general partner interest (ranging from 0.01% to 1%) in their respective LIHTC limited partnerships providing affordable housing. In addition, EAH owns certain limited partner interests as noted :

Not-For-Profit Corporations and LLC's		Limited Partnership(s) or Property Name
32300 Almaden Boulevard, LLC		Los Robles Apartments Associates, LP
3706 San Pablo Emeryville, LLC	(2)	3706 San Pablo Emeryville, LP
Archway Commons EAH, LLC		Archway Commons I, LP
Avena Bella EAH, LLC		Avena Bella I, LP
Buchanan Park EAH, LLC		Buchanan Park EAH, LP
Cathedral Gardens Oakland, LLC		Cathedral Gardens Oakland, LP
Cecilia Place Homes, Inc.	(1)	Ceclia Place Homes, LP
Cecilia Place Homes, Inc.		Bella Terra EAH, LP
Cochrane Morgan Hill EAH, LLC		Cochrane Morgan Hill EAH, LP
Crescent Park EAH, LLC		Crescent Park EAH, lp
Don de Dios EAH, LLC	(2)	Don de Dios, LP
Drakes Way EAH, Inc.		Drakes Way Housing Partners, LP
Dublin & De Marcus, LLC	(2)	Dublin Transit Site A2, LP
Dublin Transit EAH, Inc.		Villages at Kings Canyon
EAH Bay Area Community, LLC	(2)	San Clemente Housing Partners, LP
EAH Creekside		EAH Larkspur Creekside Associates II, LP
EAH Elena Gardens, LLC		EAH Elena Gardens, LP
EAH Park Place, LLC	(2)	EAH Park Place, LLC
EAH San Pablo		San Pablo Senior Housing Associates II, LP
Golden Oak Manor EAH, LLC		Golden Oak Manor II, LP
Golden Oak Manor, Inc.		Vista Park Associates I, LP
Golden Oak Manor, Inc.		Vista Park Associates II, LP
Hamilton Affordable Homes, Inc.		Hamilton Continuum Partners I, LP
Hamilton Affordable Homes, Inc.		Hamilton Continuum Partners II, LP
Hilarita Belvedere EAH, LLC	(2)	Hilarita Belvedere, LP
Interfaith Housing Foundation		Shelter Hill, LP
Kings Valley EAH, LLC		Kings Valley, LP
Larkspur Isle EAH, Inc.	(1)	Larkspur Isle, LTD
Mackey Terrace EAH, LLC		Mackey Terrace EAH, LP
Midtown Homes, Inc.		EAH - Gateway Santa Clara, LP
Midtown Homes, Inc.		Story Plaza Apartments, LP
Orchards EAH, LLC	(2)	Orchards Morgan Hill, LP
Palm Court Senior Homes, Inc.		Riviera-San Rafael Associates, LP
Palm Court Senior Homes, Inc.		Turina Associates, LP
Palm Court Senior Homes, Inc.		Palm Court Senior Homes, LP
Parkview Family II, LLC		Parkview Family EAH II, LP
Parkview Senior II, LLC		Parkview Senior EAH II, LP
Piper Court EAH, LLC	(2)	Piper Court Fairfax, LP
Point Reyes EAH, Inc.		Point Reyes Affordable Homes, LP
Rohlffs Manor EAH, Inc.		EAH Rohlffs Manor, LP
Sonoma Creekside EAH, LLC		Sonoma Creekside EAH II, LP
Sonoma County Affordable Homes, Inc.	(1)	Riverfield Homes Limited Partnership
Summer Park EAH, LLC	(2)	Summer Park Fresno, LP

(1) EAH is the Limited Partner
(2) EAH is the sole member of the General Partner

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Not-For-Profit Corporations and LLC's	Limited Partnership(s) or Property Name
Oaks EAH, LLC	Oaks II, LP
Walnut Place EAH, LLC	Walnut Place EAH, LP

- Other single-purpose corporations holding sole member interests in LLC's which hold controlling general partner interest (ranging from 0.01% to 1%) in their respective partnerships and other corporations which own affordable housing as noted below:

Not-For-Profit Corporations	LLC
1150 Webster Street, Inc.	Buchanan Park EAH, LLC
Cloverdale Senior Housing, Inc.	Kings Valley EAH, LLC
EAH - Contra Costa, Inc.	Crescent Park EAH, LLC
Elena Gardens Homes, Inc.	EAH Elena Gardens, LLC
Los Robles Apartments, Inc.	32300 Almaden Boulevard, LLC
Morgan Hill Ranch Housing, Inc.	Cochrane Morgan Hill EAH, LLC
Three Oaks Family Homes, Inc.	Oaks EAH, LLC

The combined financial statements do not include certain single-purpose LLC's holding a general partner interest (ranging from .01 to 1%) in their respective limited partnerships and not for profit corporations providing affordable housing for which EAH is deemed not to have majority control or majority control and an economic benefit:

Not-For-Profit Corporations and LLC's	Limited Partnership(s) or Property Name
Arbor Court, Inc.	Arbor Court
Beckett Hall, Inc.	Primero Grove
Bee Street Apartments, Inc.	Bee Street Housing
Belvedere-Tiburon Housing Association	Farley Place
Ecology House, Inc.	Ecology House
Floral Gardens Apartments, Inc.	Floral Gardens Apartments
Fountain West Apartments, Inc.	Fountain West Apartments
Lincoln Avenue Apartments, Inc.	Lincoln Avenue Apartments
Main Street Apartments, Inc.	Silver Oak
Olive Avenue Apartments, Inc.	Margaret Duncan Greene Apartments
Rodeo Senior Apartments, Inc.	Rodeo Gateway
Stonehaven Student Housing, Inc.	Stonehaven
Centertown, Inc.	Centertown Associates, Ltd.
Belovida Cecilia, LLC	Belovida at Newbury Park, LP
Belovida Cecilia, LLC	Cornerstone at Japantown, LP
Belovida Cecilia, LLC	Willow Housing, LP
Fellowship Plaza, LLC	Fellowship Plaza, LP
Napa Park Homes, LLC	Napa Park Homes, LP
Pointe on Vermont EAH, LLC	Pointe on Vermont, LP
Stonebridge Houisng Corporation	Stonebridge Housing II, LP
Stonebridge Houisng Corporation	Stonebridge Housing Associates
Stonebridge Houisng, LLC	Stonebridge Housing Associates

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

A summary of the significant accounting policies applied in the preparation of the accompanying combined financial statements is as follows:

1. Principles of Combination

Not-for-Profit Corporations

The combined financial statements include the accounts of EAH (Parent) and other not-for-profit entities that are commonly controlled by EAH's Officers or Board of Directors, including those not-for-profit entities that are majority controlled by EAH and in which EAH has significant financial benefit. Other not-for-profit entities, over which EAH does not exercise majority control or have significant financial benefit, 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 EAH or its affiliated not-for-profit entities are included in the combined financial statements. The partnership interests generally range from 0.005% to 1.0% with the remainder of the partnership's equity held by a limited partner and shown as non-controlling interests in unrestricted net assets. All material intercompany balances and transactions have been eliminated in the combined financial statements.

Partnerships over which EAH or its affiliates exercise significant influence are included in the combined financial statements using the equity method of accounting.

Eliminations

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

2. Basis of Presentation

The accompanying combined financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). Support and revenues are recorded in the period when earned and expenses when incurred, regardless of the timing of payments. In addition, the financial position and activities are presented on the basis of net assets without donor restrictions and net assets with donor restrictions depending on the nature of any donor imposed restrictions. As of June 30, 2019 and 2018, all of EAH's net assets are without donor restrictions.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

3. Cash and Concentration of Credit Risk

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 tenant security deposits, mortgage impound accounts, reserves for replacements and operations.

EAH and affiliates maintain cash on deposit at banks in excess of the Federal Deposit Insurance Corporation limit. EAH and affiliates have not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss.

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.

The designated cash for the capital fund has been designated by the board to be used for various purposes at the board's discretion. These funds are not restricted by any outside third party.

4. Restricted Cash and Deposits

Restricted cash includes reserves for repairs and replacements, operating reserves, tax and insurance impound accounts, and other reserves.

5. Investments – Fair Value

Under generally accepted accounting principles, 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. Generally accepted accounting principles 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 EAH. Unobservable inputs, if any, reflects EAH'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 EAH 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 judgement.

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.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

5. Investments – Fair Value (Continued)

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 judgement.

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.

6. Investments in Uncombined Entities

EAH uses the equity method to account for its investments in partnerships over which EAH's officers and/or board are deemed not to have majority control. Under the equity method, the initial investment is recorded at cost and is subsequently increased by EAH's share of earnings and decreased by its share of losses and distributions. Under the equity method, losses from operating partnerships in which EAH is not required to fund any operating deficit obligations are no longer recognized once the balance in the investment account reaches zero.

7. Allowance for Uncollectible Accounts

EAH records an allowance for doubtful accounts related to partnership management fees and developer fees based on a review of outstanding amounts receivable, existing conditions and specific situations. EAH elects to record bad debt for all other receivables using the direct write-off method. GAAP requires that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the result that would be obtained had the allowance method been followed.

8. Development in Progress

Developments in progress include the cost of acquisition, construction or rehabilitation of housing projects that have not been completed. EAH incurs costs during the predevelopment phase of each affordable housing project undertaken. Property holding costs (including interest costs incurred on rehabilitation-related debt, net of interest earned on investment of the borrowed funds) are also capitalized. Any funds expended on a project that does not pass beyond the development stage are recorded as expenses when further activity on the project ceases.

9. Property and Equipment

Property is stated at cost as of the date of acquisition, or fair market value as of the date of donation. Acquisitions among entities under common control are recorded at historical cost. The cost of maintenance and repairs which neither materially add to the value of the property nor appreciably prolong its life, are charged to operations when incurred. Depreciation is provided in amounts sufficient to relate the cost or fair market value of depreciable assets to operations over their estimated service lives using the straight-line method.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

9. Property and Equipment (Continued)

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

EAH reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property 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 were no impairment losses recognized in the years ending June 30, 2019 and 2018.

10. Land

Purchased land is carried at cost. Donated land is carried at estimated fair market value at the date of donation. EAH leases most of its land to affiliated affordable housing developments under long-term leases.

11. Capitalized Interest

EAH and affiliates capitalize interest incurred during construction as a component of development in progress and building and improvements costs. For the years ended June 30, 2019 and 2018, capitalized interest amounted to $2,245,123 and $311,811, respectively.

12. Deferred Costs and Amortization

Deferred costs consist of tax credit monitoring fees and market study costs that are amortized over ten to fifteen years using the straight-line method. As of June 30, 2019 and 2018, deferred costs are net of accumulated amortization of $1,075,854 and $903,847, respectively.

13. Debt Issuance Costs

Debt issuance costs are amortized over the terms of the notes payable using the straight-line method. GAAP require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of debt issuance costs is reported as interest expense in the statements of operations. Unamortized debt issuance costs are reported a deduction from notes payable.

14. 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.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

15. Revenue Recognition

Property Management Revenue

EAH provides property management, bookkeeping and related services. Property management revenue is recognized when the related services are performed and the earnings process is complete. In addition, EAH is reimbursed for expenses incurred in connection with the management of properties for third parties which are primarily salaries and benefits relating to employees at properties.

Contributions Revenue

Contributions are recognized as revenue when they are unconditionally promised. Noncash contributions are recorded at their estimated fair value when received. Contributions to be received after one year are discounted at an appropriate discount rate when material. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as assets with donor restrictions and assets without 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 combined statements of activities as net assets released from restrictions. Contributions restricted for the purpose of long-lived assets are reported as support without donor restrictions when expended for that purpose in the individual financial statements of each affiliated entity, but may be reported as net assets with donor restrictions in the combined financial statements.

Rental Housing Revenue

Revenue from resident fees, rents and services is recognized in the period rendered. Rental income is shown at its maximum gross potential. Vacancy loss and concessions are shown as a reduction of rental income. Rental units occupied by employees are included in rental income and as an expense of operations. Most of the rental income is received under short-term residential leases.

Revenue from long-term leases on land is recorded in the period earned, according to lease contract terms. In many situations, rental revenue is payable only from excess cash and is recorded when cash is received.

Development Fee Revenue

EAH provides development services in connection with the acquisition, construction or rehabilitation of housing projects. Developer fees are earned during the predevelopment, development and closing phases of the projects. Developer fees are recognized based on the milestone method during the predevelopment and closing phases of the projects and based on the percentage-of-completion method during the development phase. Payments received for services not yet performed are deferred until earned.

Developer fees recognized from combined affiliates or consolidated subsidiaries are eliminated as intercompany transactions. EAH estimates that 50% of its development 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. The 50% profit portion of developer fees are considered as deferred revenue and amortized annually to offset the depreciation expense related to the fee capitalized as real property costs.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

16. Allocation of Partnership Income/Losses 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 affiliated partnership. Because the limited partners' losses are limited to their investments, except when EAH and affiliates are also the co-general partner and co-limited partner, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in amounts 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.

17. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expense by nature and function. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of employees’ time incurred and usage of resources. Program services include all expense relating to development, management and rental operations of properties, and community relations and advocacy. Supporting services consist of management and general purposes. Fundraising expenses are not significant and are included in supporting services.

18. Income Taxes and Tax Exempt Status

EAH and other not-for profit corporations have been granted tax-exempt status by the Internal Revenue Service, under Code Section 501 (C) (3), and the California Franchise Tax Board under the Revenue and Taxation Code Section 23701(d). The income or loss from the partnerships is reported by the partners on their tax returns.

No income tax provision has been included in the combined financial statements for the single member limited companies which are generally considered disregarded entities. The income and 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.

EAH 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 combined financial statements. EAH and affiliates’ federal and state income tax and information returns for the years 2014 through 2017 are subject to examination by the regulatory agencies, generally for three years and four after they were filed for federal and state, respectively.

19. Guarantees

GAAP require a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued after December 31, 2002. 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 P).

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

20. Use of Estimates

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

21. Related Party Transactions

Most related-party transactions have been eliminated in the combined financial statement. The remaining related-party transactions are immaterial.

22. Risks and Uncertainties

EAH is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the corporation is located or by changes in federal, state and/or local low-income housing subsidies or the demand for such housing.

23. Subsequent Events

Subsequent events were evaluated through November 20, 2019, which is the date the combined financial statements were available to be issued.

24. Adoption of New Accounting Pronouncement

During 2018, EAH adopted the provisions of Accounting Standards Update 2016-14, *Presentation of Financial Statements of Not-for-Profit Entities* (ASU 2016-14). The Update addresses the complexity and understandability of net asset classifications, deficiencies in information about liquidity and availability of resources, and the lack of consistency in the type of information provided about expenses and investment return. The Corporation has adjusted the presentation of these financial statements accordingly. The ASU 2016-14 has been applied on a retrospective basis.

25. Reclassifications

Certain amounts previously reported in the 2018 financial statements were reclassified to conform to the 2019 presentation for comparative purposes.

NOTE B – RESTRICTED CASH AND DEPOSITS

EAH and affiliates are required to maintain various reserves for operations and maintenance of the property and equipment in accordance with the partnership agreements, loan and regulatory agreements. Certain affiliates are required to maintain impound accounts to cover property and insurance premiums and hold tenant security deposits in separate bank accounts in the name of the properties. Accordingly, such restricted cash and deposits as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Tenant security deposits	$ 2,444,148	$ 2,137,239
Escrow impound accounts	673,800	510,671
Replacement, operating and other reserves	38,992,670	31,989,205
Total restricted cash and deposits	42,110,618	34,637,115
Less current portion	(9,678,348)	(5,638,591)
Restricted cash and deposits, long-term portion	$ 32,432,270	$ 28,998,524

NOTE C – INVESTMENTS

Investments

EAH'S investments measured at fair value on a recurring basis as of June 30, 2019 and 2018, and the fair value hierarchy of the valuation techniques utilized by EAH to determine fair values are as follows:

	June 30, 2019		*June 30, 2018*	
	Cost	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Cost*	*Quoted Prices in Active Markets for Identical Assets (Level 1)*
Mutual funds	$ 6,031,108	$ 6,912,803	$ 5,599,497	$ 6,748,868
Fixed income	5,237,700	5,285,660	8,416,173	8,346,001
Real estate	500,357	540,524	540,915	508,411
Total investments	$ 11,769,165	$ 12,738,987	$ 14,556,585	$ 15,603,280

The following presents investments by category at fair value as of June 30, 2019 and 2018:

	2019	2018
Mutual funds:		
US equity	$ 4,821,568	$ 4,589,185
Developed foreign	1,744,478	1,864,314
Emerging foreign	346,757	295,369
Total mutual funds	$ 6,912,803	$ 6,748,868
Fixed income:		
Taxable US	$ 3,492,032	$ 6,409,237
Taxable foreign emerging	1,793,628	1,936,764
Total fixed income	$ 5,285,660	$ 8,346,001

NOTE C – INVESTMENTS (Continued)

Investments in Uncombined Entities

EAH and affiliates serve as the general partner of partnerships which own and operate affordable housing in which EAH does not have majority control and does not consolidate. The investments are recorded using the equity method, which consists of the cumulative balance of the initial capital contribution to the partnership plus the general partners' percentage allocation of the partnerships' net earnings or loss.

In addition, EAH holds investments in Housing Partnership Insurance Exchange (HPIEx) to gain access to affordable workers' compensation insurance from a reciprocal insurance company. The investment is recorded at cost and represent approximately 4.6% of the ownership shares of the workers' compensation program at HPIEx as of June 30, 2019.

Investments in other companies consist of the following as of June 30, 2019 and 2018:

	2019	2018
Stonebridge Housing Associates	$ 1,161,525	$ 1,117,700
Stonebridge Housing, LLC	800	800
Belovida Cecilia LLC	1,787	418
Fellowship Plaza EAH, LLC	36	95
Napa Valley Homes, LLC	(40)	(11)
Willow Housing, LP	(110)	(82)
Cornerstone at Japantown	(254)	(222)
HPIEx	245,100	245,100
Total investments in uncombined entities	$ 1,408,844	$ 1,363,798

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30, 2019 and 2018:

	2019	2018
Tenant rents and subsidy assistance	$ 607,508	$ 580,061
Grants, contracts and other	828,056	792,557
Partnership management fees	258,349	299,133
Development costs	1,889,558	897,861
Developer fees	6,589,148	2,136,057
Total receivables	10,172,619	4,705,669
Less current portion	(5,401,740)	(3,239,511)
Receivables, less current portion	$ 4,770,879	$ 1,466,158

NOTE E – DEVELOPMENT IN PROGRESS

Development in progress consists of the following as of June 30, 2019 and 2018:

	2019	2018
Archway Commons II	$ 193,200	$ 50,391
Avena Bella II	-	600,786
Centertown II	71,834	-
Greenfield Commons	76,545	-
Hilarita Belvedere	529,899	188,851
Hilo Vets	84,270	52,729
Imperial Senior	752,209	450,660
Lake Park	434,986	231,922
Lightfighter Village	309,914	290,712
Magnolia Villas	104,794	203,226
Matsya Villa	688,640	-
Mission Paradise	292,474	150,780
Palm Court II	414,034	39,116
Pointe on La Brea	305,322	183,768
Pointe on Vermont	-	973,076
Vista Park I	430,524	22,401
Vista Park II	228,258	22,333
Winery Apartments	-	710,702
Other projects	368,876	68,011
Total development in progress	$ 5,285,779	$ 4,239,464

NOTE F – NOTES RECEIVABLE

Long term notes receivable are stated at their fair value, increasing annually by the amount of accrued interest earned, unless otherwise noted. Payments are either made to the extent of annual surplus cash generated by the property or are deferred until maturity. The collection of the notes receivable are dependent on the long term operating results and the value of the properties owned by the partnerships at the maturity dates.

	2019	2018
Secured note receivable from Belovida at Newbury Park, LP, whose Managing General Partner is an affiliated organization, in the amount of $2,600,171 is non-interest bearing, secured by a deed of trust on the property and due in full on January 1, 2065.	$ 2,563,109	$ 2,563,109
Secured note receivable from Belovida at Newbury Park, LP, whose Managing General Partner is an affiliated organization, in the amount of $735,022 is non-interest bearing, secured by a deed of trust on the property and due in full on February 28, 2068.	735,022	735,022

NOTE F – NOTES RECEIVABLE (Continued)

	2019	2018
Secured note receivable from Kalani Gardens II, LP, a Hawaii Limited Partnership, whose General Partner is an affiliated organization, in the amount of $6,295,000, bears interest at 2.40% compounded annually and is due in full on December 31, 2070. As of June 30, 2019 and 2018, the outstanding balance includes accrued interest of $270,010 and $466,294, respectively.	$ 6,565,010	$ 6,761,294
Secured note receivable from Kukui Tower II, LP, a Hawaii Limited Partnership, whose General Partner is an affiliated organization, in the amount of $6,295,000, bears interest at 3.20% compounded annually and is due in full on December 31, 2073. As of June 30, 2019 and 2018, the outstanding balance includes accrued interest of $124,384 and $-, respectively.	6,637,907	-
Unsecured note receivable from Floral Gardens Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $540,000 is non-interest bearing, and due in in May 2046.	540,000	-
Unsecured note receivable from Fountain West Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $1,109,000 is non-interest bearing, and due in in May 2046.	1,109,000	-
Secured note receivable from Stonebridge Housing II, L.P. whose General Partner is an affiliated organization, in the amount of $269,543 is non-interest bearing, secured by a deed of trust on the property and due in full on December 31, 2018.	-	188,949
Secured notes receivable from Willow Housing, L.P., whose General Partner is an affiliated organization, in the amounts of $55,000 and $1,615,100 are non-interest bearing, secured by a deed of trust on the property and due in full on November 26, 2069.	1,669,900	1,669,900
Total notes and advances receivable, including interest	$ 19,819,948	$ 11,918,274

NOTE G - PREPAID GROUND LEASE

EAH's affiliates, Hamilton Continuum Partners I, L.P. and Hamilton Continuum Partners II, L.P. entered into ground lease agreements with the Novato Public Finance Authority (the Lease) to lease the land on which its properties are developed. The Leases are for 99 years and requires annual lease payments of $1, which was prepaid in the amount of $99. In addition, the affiliates were required to pay lease acquisition fees of $7,034,373 and incurred legal costs of $69,298 (collectively, Lease Costs) in connection with the Leases. Of the Lease Costs, $1,614,716 were capitalized into the cost of the buildings and the remaining $5,489,153 have been deferred as prepaid land lease and are being expensed over the 99 year term of the Leases. As of June 30, 2019 and 2018, the balance of the prepaid land lease is $4,632,055 and $4,687,501, respectively.

NOTE G - PREPAID GROUND LEASE (Continued)

The estimated aggregate land lease expense for each of the next five years ending June 30 is as follows:

2019	$	55,446	2022	$	55,446
2020	$	55,446	2023	$	55,446
2021	$	55,446			

NOTE H – LAND HELD FOR DEVELOPMENT AND LEASE

EAH owns land that is either in the process of being developed or will be developed in the future for affordable housing. The land has been recorded at the original cost. The land held for development consists of the following:

		2019	2018
Greenfield Commons	(at cost)	$ 3,804,180	$ -
Lake Park	(at cost)	4,969,000	-
Laurel EAH	(at cost)	6,980,000	-
Magnolia Villas	(at cost)	5,261,175	-
Matsya Villa	(at cost)	5,031,250	-
Mission Paradise	(at cost)	6,085,331	-
Pointe on La Brea	(at cost)	5,223,387	-
Subtotal land held for development		$ 37,354,323	$ -

EAH owns land which is leased to partnerships that operate low-income housing apartment complexes. The General Partners of the partnerships are affiliated to EAH and are combined in these combined financial statements. The land has been recorded at the original cost or value upon the date of donation. The land held for lease consists of the following:

		2019	2018
San Clemente Apartments, leased for 85 years	(at cost)	$ 5,295,533	$ 5,295,533
Camelia Place Apartments, leased for 55 years	(appraised value)	3,120,000	3,120,000
Anise Turina Apartments, leased for 55 years	(at cost)	672,000	672,000
Riviera Apartments, leased for 55 years	(at cost)	476,000	476,000
Subtotal land held for lease		$ 9,563,533	$ 9,563,533
Total land held for development or lease		$ 46,917,856	$ 9,563,533

NOTE I – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of June 30, 2019 and 2018 consist of the following:

	2019	2018
Land	$ 47,056,093	$ 38,724,914
Building and improvements	653,091,793	603,320,115
Furniture and equipment	21,625,201	19,563,500
Total property and equipment	721,773,087	661,608,529
Less accumulated depreciation	(135,984,581)	(118,806,584)
Property and equipment, net	$ 585,788,506	$ 542,801,945

NOTE J – LINES OF CREDIT

EAH has a secured line of credit with Westamerica Bank in the amount of $2,060,000 that is secured by 7 units at Tiburon Hills Estates and matures on December 31, 2019. Outstanding principal bears interest at a variable interest rate equal to Westamerica's index rate plus 0.250%, equal to 6.75% at June 30, 2019. As of June 30, 2019 and 2018, the balance outstanding amounted to $1,123,092 and $-, respectively.

EAH has an unsecured line of credit with Westamerica Bank in the amount of $1,250,000 which matures on December 31, 2019. Outstanding principal bears interest at a variable rate equal to Westamerica's index rate plus 0.750%, equal to 7.25% at June 30, 2019. As of June 30, 2019 and 2018, there was no balance outstanding.

EAH has an unsecured line of credit with Westamerica Bank in the amount of $1,690,000 which matures on December 31, 2019. Outstanding principal bears interest at a variable rate equal to Westamerica's index rate plus 0.750%, equal to 7.25% at June 30, 2019. As of June 30, 2019 and 2018, there was no balance outstanding.

NOTE K – NOTES PAYABLE

Notes payable are generally secured by the respective properties and are summarized as follows:

	2019	2018
Construction loans bearing interest at variable rates from 1.99% to 2.48%, generally with principal and interest paid monthly, to be repaid in full through 2020. Interest expense on the notes for years ending June 30, 2019 and 2018 totaled $3,510,300 and $1,031,679, respectively. As of June 30, 2019 and 2018, accrued interest totaled $15,574 and $0, respectively.	$ 77,918,590	$ 72,200,988

NOTE K – NOTES PAYABLE (Continued)

	2019	2018
Bond and permanent loans bearing interest from 2.26% to 6.44%, generally with principal and interest due monthly, to be repaid in full through 2045. Bond principal payments may be accumulated in a principal fund held by a trustee. Interest expense on the notes for years ending June 30, 2019 and 2018 totaled $8,249,861 and $7,466,474, respectively. As of June 30, 2019 and 2018, accrued interest totaled $653,003 and $629,945, respectively.	$ 201,971,256	$ 155,787,621
Deferred notes payable to various federal, state and local agencies. Such notes are secured by the related property and are either non-interest bearing or bear interest at 1% to 6.88%. Interest expense on these notes for years ending June 30, 2019 and 2018 totaled $4,696,900 and $4,445,663, respectively. As of June 30, 2019 and 2018, accrued interest totaled $31,730,315 and $37,594,195, respectively.	142,094,354	146,474,541
Total notes payable	421,984,200	374,463,150
Less: debt issuance costs	(7,857,079)	(7,939,706)
Less: current maturities	(4,895,267)	(3,992,022)
Total notes payable, net	$ 409,231,854	$ 362,531,422

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

2020	$ 4,895,267	2023	$ 6,205,202
2021	$ 5,230,308	2024	$ 6,055,900
2022	$ 5,931,289		

NOTE L – GROUND LEASE PAYABLE

EAH'S affiliate, EAH Larkspur Creekside Associates II, L.P., entered into a lease agreement with the City of Larkspur to lease the land on which its property is developed. The ground lease term runs for ninety-five years from June 1, 1989. Annual rent shall be equal to ten percent (10%) of annual gross receipts and payments are limited to 60% of surplus cash, as defined in the Partnership Agreement, not to exceed the annual rent. In the event that 60% of surplus cash is less than the annual rent, the unpaid rent will accrue without interest. Any deferred rent shall be paid upon sale or transfer to an entity other than any entity controlled by EAH. As of June 30, 2019 and 2018, accrued ground lease rent amounted to $65,842 and $162,153, respectively.

NOTE M – LEASE COMMITMENT

EAH leases office space in Morgan Hill under an agreement which expires in July 2021, in Hawaii under an agreement which expires in September 2019, and in Tarzana, California under an agreement which expires in October 2021, with options to extend through February 2024.

EAH leases office space in San Rafael from its wholly owned subsidiary, Pelican Way, LLC. All intercompany transactions have been eliminated in connection with that lease. The rental expense for the years ended June 30, 2019 and 2018 was $960,301 and $1,357,139, respectively. The future minimum annual lease commitments for the years ended June 30 are estimated as follows:

2020	$	108,664	2022	$	126,875
2021	$	124,627	2023	$	19,141

NOTE N – RETIREMENT PLAN

EAH offers a 403(b) tax deferred annuity plan for all of its employees. Eligible employees' annual contribution may not exceed the lesser of 100% of their salary or $19,000. Employees who are 50 years or older are permitted to make additional contributions up to $6,000 annually. EAH contributes to the plan in an amount equal to 1% of the employees' annual salary for all employees. For those employees who contribute to the plan, EAH also contributed an amount equal to the employees' contribution up to 3% of the employees' annual salary. The total employer contribution for June 30, 2019 and 2018 was $445,646 and $401,186, respectively.

EAH also offers a 457(b) top hat plan to allow senior management to defer compensation. EAH does not contribute to this plan. Eligible employees' annual contributions may not exceed the lesser of 100% of their salary or $19,000. Employees who are 50 years or older are permitted to make additional contributions up to $6,000 annually.

NOTE O – RELATED PARTY TRANSACTIONS

Property management fees, accounting fees, compliance fees and partnership management fees charged to affiliated organizations related by common members on the Board of Directors totaled approximately $2,396,000 and $2,200,000 for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, amounts receivable from affiliated organizations for these fees totaled approximately $363,000 and $284,000, respectively.

Development fees charged to affiliated organizations related by common members on the Board of Directors totaled $5,451,069 and $1,833,831 for the years ended June 30, 2019 and 2018, respectively. As of June 30, 2019 and 2018, amounts receivable from affiliated organizations for developer fees totaled $6,589,148 and $2,136,057, respectively.

NOTE P – GUARANTEES

EAH issues a variety of guarantees in the course of developing properties. The guarantees are generally issued in favor of limited partner investors or lenders. Guarantees, as of June 30, 2019, (except for tax benefits which are one year in arrears), consist of the following:

	2019	2018
Operating deficits	$ 11,008,000	$ 12,300,000
Construction loan repayment and completion *(1)*	186,100,000	203,430,000
Tax credits	146,500,000	144,000,000
Total guarantees	$ 343,608,000	$ 359,730,000

(1) $90,600,000 of construction loan funds had been drawn as of June 30, 2019.

Operating Deficit Guarantees

Operating deficit guarantees are commitments to fund future operating deficits of partnerships. The guarantees are issued in favor of limited tax credit partnerships, and generally are for the fifteen year period when the investor is expected to hold its limited partner interest, or for shorter periods (for example, until certain debt ratios are achieved). A payment under a guarantee would result in the transfer of cash resources from the guarantor to an affiliate, resulting in an obligation to repay the advance, usually from future operating cash flow. To date, EAH has not experienced any calls on these guarantees.

Construction Loan Repayment and Completion Guarantees

EAH provides repayment guarantees for construction loans used for the development of properties. EAH has also provided construction completion guarantees in favor of certain lenders for the development of properties and lease-up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received. A payment under such a guarantee would result in the transfer of cash resources from the guarantor to an affiliate that is obligated to complete a development, resulting in an obligation to repay the advance, usually from future operating cash flow. There are no significant completion delays in EAH current developments. To date, EAH has not experienced non-completion of a project, nor has it been called on for any loan repayment guarantee.

Tax Credit Guarantees

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, EAH has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, EAH has not experienced any calls on these guarantees.

NOTE Q – LIQUIDITY AND AVAILABILITY

EAH's liquidity management policy includes structuring its financial assets to be available as general expenditures, liabilities and other obligations come due and which requires the maintenance of three months' operating cash in its general operating account. Funds are held in short term deposits and investments with daily liquidity access. In addition, EAH has committed lines of credit in the amount of $5,000,000 that can be drawn if needed.

EAH's financial assets available within one year to meet cash needs for general expenditures as of June 30, 2019:

Cash and cash equivalents	$	20,440,526
Short-term investments		12,738,987
Accounts receivable		5,401,740
Financial assets available within one year to meet cash needs for general expenditures	$	38,581,253

NOTE R – NET ASSETS – BOARD DESIGNATED FUNDS

EAH has established a Capital Reserve Fund to be utilized for board designated purposes to fulfill our mission. Funds are available for acquisitions, predevelopment costs, land purchases and capital improvements. Total Capital Reserve Fund as of June 30, 2019 and 2018, amounted to $18,698,244 and $18,263,356, respectively. These funds are not available for general operations without board approval.

NOTE S – SUPPLEMENTAL STATEMENT OF CASH FLOW INFORMATION

For the years ended June 30, 2019 and 2018, cash paid for interest amounted to approximately $13,150,000 and $9,768,000, respectively.

SUPPLEMENTARY INFORMATION

EAH INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION
June 30, 2019

ASSETS

	EAH	Affiliates	LIHTC Properties	Subtotal	Eliminations	Total
Current assets						
Cash and cash equivalents	$ 9,428,476	$ 1,986,003	$ 9,026,047	$ 20,440,526	$ -	$ 20,440,526
Restricted cash and deposits, current portion	2,151,829	-	7,526,519	9,678,348	-	9,678,348
Investments	12,371,984	367,003	-	12,738,987	-	12,738,987
Receivables, current portion	8,830,272	368,270	586,253	9,784,795	(4,383,055)	5,401,740
Prepaid expenses and deposits	1,779	27,000	611,348	640,127	-	640,127
Total current assets	32,784,340	2,748,276	17,750,167	53,282,783	(4,383,055)	48,899,728
Other assets						
Restricted cash and deposits, less current portion	268,987	-	32,163,283	32,432,270	-	32,432,270
Receivables, less current portion	18,784,153	1,154,016	-	19,938,169	(15,167,290)	4,770,879
Development in progress	5,285,779	-	-	5,285,779	-	5,285,779
Notes and advances receivable, including interest	103,375,691	111,619,876	-	214,995,567	(195,175,619)	19,819,948
Land held for lease and development	46,917,856	-	-	46,917,856	-	46,917,856
Property and equipment, net	248,703	13,155,773	584,117,020	597,521,496	(11,732,990)	585,788,506
Ground lease rent receivable	331,972	-	-	331,972	(331,972)	-
Prepaid ground lease rent	-	-	9,081,342	9,081,342	(4,449,287)	4,632,055
Investments in uncombined entities	(12,594,232)	(86,311,671)	-	(98,905,903)	100,314,747	1,408,844
Deferred costs, net	-	-	697,339	697,339	-	697,339
Other assets	56,127	-	60,695	116,822	-	116,822
Total assets	$ 195,459,376	$ 42,366,270	$ 643,869,846	$ 881,695,492	$ (130,925,466)	$ 750,770,026

EAH INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION (Continued)
June 30, 2019

LIABILITIES AND NET ASSETS

	EAH	Affiliates	LIHTC Properties	Subtotal	Eliminations	Total
Current liabilities						
Accounts payable and accrued expenses	$ 199,811	$ 43,453	$ 1,640,144	1,883,408	(1,131,405)	$ 752,003
Related party fees payable, current	-	-	3,064,116	3,064,116	(3,064,116)	-
Development costs payable	3,366	-	5,766,486	5,769,852	(1,217,029)	4,552,823
Line of credit	1,123,092	-	-	1,123,092	-	1,123,092
Accrued interest payable, current portion	-	28,308	624,695	653,003	-	653,003
Notes payable, current portion	-	185,677	4,709,590	4,895,267	-	4,895,267
Total current liabilities	1,326,269	257,438	15,805,031	17,388,738	(5,412,550)	11,976,188
Long-term obligations						
Accrued expenses, less current portion	1,823,798	-	-	1,823,798	-	1,823,798
Tenant security deposits	35,505	-	2,372,487	2,407,992	-	2,407,992
Related party fees payable	-	1,154,016	14,165,831	15,319,847	(15,174,601)	145,246
Prepaid ground rent	4,449,287	-	-	4,449,287	(4,449,287)	-
Ground lease payable, less current portion	-	-	397,814	397,814	(331,972)	65,842
Derivative financial instruments	-	74,686	248,605	323,291	-	323,291
Accrued interest payable, less current portion	27,846	252,602	57,561,847	57,842,295	(26,096,406)	31,745,889
Notes payable, net	40,085,094	14,815,242	523,410,732	578,311,068	(169,079,214)	409,231,854
Total liabilities	47,747,799	16,553,984	613,962,347	678,264,130	(220,544,030)	457,720,100
Net assets						
Controlling interests						
Without donor restrictions	129,013,333	25,812,286	(138,659,506)	16,166,113	106,131,373	122,297,486
Board-designated funds	18,698,244	-	-	18,698,244	-	18,698,244
Total controlling interests	147,711,577	25,812,286	(138,659,506)	34,864,357	106,131,373	140,995,730
Non-controlling interests	-	-	168,567,005	168,567,005	(16,512,809)	152,054,196
Total net assets	147,711,577	25,812,286	29,907,499	203,431,362	89,618,564	293,049,926
Total liabilities and net assets	$ 195,459,376	$ 42,366,270	$ 643,869,846	$ 881,695,492	$ (130,925,466)	$ 750,770,026

EAH INC. AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITES
June 30, 2019

	EAH	Affiliates	LIHTC Properties	Subtotal	Eliminations	Total
Unrestricted support and revenue						
Support						
Grants - administrative	$ 435,288	$ -	$ 241,908	$ 677,196	$ -	$ 677,196
Grants - project development	2,250,000	-	-	2,250,000	-	2,250,000
Donations from affiliates	30,297,516	-	-	30,297,516	(22,788,236)	7,509,280
Other donations and fundraising events	237,374	140,171	-	377,545	(190,171)	187,374
Total support	33,220,178	140,171	241,908	33,602,257	(22,978,407)	10,623,850
Revenue						
Property management and accounting fees	8,360,891	-	-	8,360,891	(3,569,339)	4,791,552
Partnership and asset management fees	1,450,471	754,189	-	2,204,660	(1,682,428)	522,232
Development fees	9,991,879	-	-	9,991,879	(4,540,810)	5,451,069
Rental property income	663,706	730,506	56,540,916	57,935,128	(730,500)	57,204,628
Ground lease rental income	159,036	-	-	159,036	(159,036)	-
Income (loss) from investments in partnerships	8,963,861	(1,267,788)	-	7,696,073	(7,652,603)	43,470
Interest and investment income	2,701,791	3,989,603	113,259	6,804,653	(5,997,076)	807,577
Net realized and unrealized gain on investments	517,888	-	-	517,888	(145,253)	372,635
Forgiveness of debt	-	-	11,103,850	11,103,850	-	11,103,850
Other income	507,349	117,000	246,129	870,478	-	870,478
Total revenue	33,316,872	4,323,510	68,004,154	105,644,536	(24,477,045)	81,167,491
Total support and revenue	66,537,050	4,463,681	68,246,062	139,246,793	(47,455,452)	91,791,341
Expenses						
Program services	19,375,300	25,468,391	70,725,888	115,569,579	(37,570,286)	77,999,293
Management and general	1,731,325	-	-	1,731,325	-	1,731,325
Fundraising	94,194	-	-	94,194	-	94,194
Total expenses	21,200,819	25,468,391	70,725,888	117,395,098	(37,570,286)	79,824,812
Change in net assets	45,336,231	(21,004,710)	(2,479,826)	21,851,695	(9,885,166)	11,966,529
Net assets - beginning of year	116,588,114	22,010,723	(641,959)	137,956,878	95,392,981	233,349,859
Proceeds in excess of assets transferred to affiliate	(14,212,768)	22,932,260	(8,719,492)	-	-	-
Transfer of controlling interest	-	2,248,339	-	2,248,339	(2,248,339)	-
Capital contributions, net of distributions and syndication costs	-	(374,326)	41,748,776	41,374,450	6,359,088	47,733,538
Net assets - end of year	$ 147,711,577	$ 25,812,286	$ 29,907,499	$ 203,431,362	$ 89,618,564	$ 293,049,926

EAH INC. AND AFFILIATES
EAH INC. ONLY - SCHEDULES OF FINANCIAL POSITION
June 30, 2019

ASSETS

	2019	2018
Current assets		
Cash and cash equivalents	$ 9,428,476	$ 8,066,614
Restricted cash and deposits, current portion	2,151,829	-
Investments	12,371,984	13,278,379
Receivables, current portion	8,830,272	12,138,069
Prepaid expenses and deposits	1,779	1,749
Total current assets	32,784,340	33,484,811
Other assets		
Restricted cash and deposits, less current portion	268,987	249,927
Receivables, less current portion	18,784,153	12,539,425
Development in progress	5,285,779	1,475,337
Notes and advances receivable, including interest	103,375,691	74,147,774
Land held for lease and development	46,917,856	9,563,533
Property and equipment, net	248,703	277,075
Ground lease rent receivable	331,972	466,871
Other assets	56,127	63,878
Total assets	$ 208,053,608	$ 132,268,631

LIABILITIES AND NET ASSETS

	2019	2018
Current liabilities		
Accounts payable and accrued expenses, current portion	$ 199,811	$ 239,075
Development costs payable	3,366	-
Line of credit payable	1,123,092	-
Total current liabilities	1,326,269	239,075
Long-term obligations		
Accounts payable and accrued expenses, less current portion	1,823,798	1,443,617
Tenant security deposits	35,505	28,533
Prepaid ground rent	4,449,287	4,511,587
Investments in partnerships and other companies, net deficit	12,594,232	7,781,100
Accrued interest payable	27,846	-
Notes payable, net	40,085,094	1,676,605
Total liabilities	60,342,031	15,680,517
Net assets		
Without donor restrictions	129,013,333	98,324,758
Board-designated funds	18,698,244	18,263,356
Total net assets	147,711,577	116,588,114
Total liabilities and net assets	$ 208,053,608	$ 132,268,631

EAH INC. AND AFFILIATES
EAH INC. ONLY - SCHEDULES OF ACTIVITES
June 30, 2019

	2019	2018
Unrestricted support and revenue		
Support		
Grants - administrative	$ 435,288	$ 40,000
Grants - project development	2,250,000	154,157
Donations from affiliates	30,297,516	13,231,850
Other donations and fundraising events	237,374	175,868
Total support	33,220,178	13,601,875
Revenue		
Property management and accounting fees	8,360,891	7,694,153
Partnership and asset management fees	1,450,471	1,268,637
Development fees	9,991,879	15,038,303
Rental property income	663,706	520,505
Ground lease rental income	159,036	159,036
Income (loss) from investments in partnerships	8,963,861	690,372
Interest and investment income	2,701,791	2,435,786
Net realized and unrealized gain on investments	517,888	668,357
Other income	507,349	1,054,321
Total revenue	33,316,872	29,529,470
Total support and revenue	66,537,050	43,131,345
Expenses		
Program services		
Property and asset management expenses	9,039,785	8,735,436
Property development expense	4,033,571	2,888,194
Syndication management expense	3,089,028	2,989,637
Tenant services expense	728,337	677,514
Rental property expenses	881,443	334,660
Community relations and advocacy	1,603,136	1,275,766
Management and general	1,731,325	1,394,307
Fundraising	94,194	34,305
Total expenses	21,200,819	18,329,819
Change in net assets	45,336,231	24,801,526
Proceeds received in excess of assets transferred to affiliate	(14,212,768)	-
Net assets - beginning of year	116,588,114	91,786,588
Net assets - end of year	$ 147,711,577	$ 116,588,114

EAH INC. AND AFFILIATES
EAH INC, ONLY - SCHEDULE OF CASH FLOWS
June 30, 2019

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 45,336,231	$ 24,801,526
Donations of notes receivable and accrued interest	(15,202,317)	(8,504,543)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	57,825	57,825
Unrealized (gain) loss on investments	77,173	(287,109)
(Income) loss from investments in partnerships	(8,937,263)	207,794
(Increase) decrease in:		
Receivables	(2,936,931)	(11,369,289)
Prepaid expenses	(30)	(24)
Notes receivable interest	(542,923)	(667,318)
Ground lease rent receivable	134,899	186,316
Other assets	7,751	53,489
Increase (decrease) in:		
Accounts payable and accrued expenses	340,917	(75,855)
Tenant security deposits	6,972	100
Prepaid ground lease rent	(62,300)	(62,300)
Accrued interest payable	27,846	-
Net cash provided by operating activities	18,307,850	4,340,612
CASH FLOWS FROM INVESTING ACTIVITIES		
(Deposits to) releases from restricted cash and deposits, net	(2,170,889)	(28,322)
(Deposits to) releases from investments, net	829,222	(1,311,250)
Payments for development in progress	(3,807,076)	(178,264)
Advances for notes receivable	(13,482,677)	(3,784,510)
Capital contributions to partnerships, net of distributions	8,257,120	(2,291,434)
Purchase of land for development	(37,354,323)	-
Additions to property and equipment	(29,453)	(4,536)
Net cash used by investing activities	(47,758,076)	(7,598,316)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	3,862,771	-
Payments from line of credit	(2,739,679)	-
Proceeds from notes payable	38,408,489	87,214
Net cash provided by financing activities	39,531,581	87,214
Increase (decrease) in cash	10,081,355	(3,170,490)
Cash and cash equivalents at beginning of year	8,066,614	11,237,104
Cash and cash equivalents at end of year	$ 18,147,969	$ 8,066,614

SCHEDULE OF NOTES RECEIVABLE

Long term notes receivable are stated at their fair value, increasing annually by the amount of accrued interest earned, unless otherwise noted. Payments are either made to the extent of annual surplus cash generated by the property or are deferred until maturity. The collection of the notes receivable are dependent on the long term operating results and the value of the properties owned by the partnerships at the maturity dates.

	2019	2018
Secured note receivable from Avena Bella I, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $1,000,000, bears interest at 5.85% compounded annually and is due in full in the year 2067. As of June 30, 2019 and 2018, the outstanding balances include $489,770 and $408,766 of accrued interest.	$ 1,489,770	$ 1,408,766
Secured note receivable from Belovida at Newbury Park, LP, whose Managing General Partner is an affiliated organization, in the amount of $2,600,171 is non-interest bearing, secured by a deed of trust on the property and due in full in the year 2065.	2,563,109	2,563,109
Secured note receivable from Buchanan Park EAH, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $6,938,536, bears interest at 2.67% compounded annually and is due in full in the year 2070. As of June 30, 2019 and 2018, the outstanding balance includes $196,538 and $0 of accrued interest.	7,255,000	-
Secured note receivable from Cochrane Morgan Hill, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $229,713, bears interest at 3.28% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balances include $1,059 and $2,280 of accrued interest.	97,644	136,332
Secured note receivable from Cochrane Morgan Hill, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $45,943, bears interest at 3.28% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balances include $207 and $450 of accrued interest.	19,058	26,890
Unsecured notes receivable from Drakes Way Housing Partners, LP, a California Limited Partnership, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2062.	1,571,250	1,571,250
Unsecured note receivable from Dublin Transit EAH Inc., a California nonprofit public benefit corporation, which is an affiliated organization, in the amount of $548,113, is non-interest bearing is due in full in the year 2057.	548,113	548,113

SCHEDULE OF NOTES RECEIVABLE (Continued)

	2019	2018
Secured note receivable from EAH Elena Gardens, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $8,345,848, bears interest at 3.45% compounded annually and is due in full in the year 2066. As of June 30, 2019 and 2018, the outstanding balance includes $196,538 and $176,058 of accrued interest.	$ 8,542,386	$ 8,521,906
Unsecured note receivable from Floral Gardens Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $540,000 is non-interest bearing, and due in in May 2046.	540,000	-
Unsecured note receivable from Fountain West Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $1,109,000 is non-interest bearing, and due in in May 2046.	1,109,000	-
Unsecured note receivable from Golden Oak Manor, Inc. an affiliated organization, in the amount of $1,100,000, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2019 and 2018, the outstanding balance includes $64,000 and $38,275 of accrued interest.	1,164,000	1,138,275
Unsecured note receivable from Golden Oak Manor, Inc. an affiliated organization, in the amount of $809,820, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2019 and 2018, the outstanding balance includes $47,117 and $28,178 of accrued interest.	856,937	837,998
Unsecured note receivable from Golden Oak Manor, Inc. an affiliated organization, in the amount of $2,426,490, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2019 and 2018, the outstanding balance includes $141,485 and $84,731 of accrued interest.	2,567,975	2,511,221
Secured, non-interest bearing note receivable from Golden Oak Manor II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $1,300,000, due in full in the year 2070.	1,035,642	1,054,066
Secured note receivable from Golden Oak Manor II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $442,364, bears interest at 2.61% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balances include $2,760 and $2,760 of accrued interest.	418,395	425,726

SCHEDULE OF NOTES RECEIVABLE (Continued)

	2019	2018
Secured note receivable from Kalani Gardens II, LP, a Hawaii Limited Partnership, whose General Partner is an affiliated organization, in the amount of $6,295,000, bears interest at 2.40% compounded annually and is due in full in the year 2070. As of June 30, 2019 and 2018, the outstanding balance includes $270,010 and $466,294 of accrued interest.	$ 6,565,010	$ 6,761,294
Secured note receivable from Kings Valley, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $4,377,400, bears interest at 2.52% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balance includes $735,385 and $- of accrued interest.	5,063,696	-
Secured note receivable from Kukui Tower II, LP, a Hawaii Limited Partnership, whose General Partner is an affiliated organization, in the amount of $6,295,000, bears interest at 3.02% compounded annually and is due in full on December 31, 2073. As of June 30, 2019 and 2018, the outstanding balance includes accrued interest of $124,384 and $-, respectively.	6,637,907	-
Unsecured note receivable from EAH Larkspur Creekside Associates II, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $1,319,689 (original amount of $1,363,634) bears interest at 5.36% compounded annually is due in full in the year 2062. As of June 30, 2019 and 2018, the outstanding balances include $873,751 and $873,960 of accrued interest.	2,193,450	2,193,659
Unsecured, non-interest bearing advance receivable from Larkspur Isle, LTD, a California limited partnership, whose General Partner is an affiliated organization.	871,545	976,314
Secured note receivable from Oaks II, L.P., LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $396,000, bears interest at 2.61% compounded annually and is due in full in the year 2070. As of June 30, 2019 and 2018, the outstanding balances include $2,663 and $2,790 of accrued interest.	306,968	321,244
Secured note receivable from Parkview Family EAH II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $2,536,800, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balances include $188,447 and $152,834 of accrued interest.	2,725,247	2,689,634
Secured note receivable from Parkview Family EAH II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $6,884,083, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balance includes $314,832 and $221,380 of accrued interest.	7,442,695	7,349,243

SCHEDULE OF NOTES RECEIVABLE (Continued)

	2019	2018
Secured note receivable from Parkview Senior EAH II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $5,572,202, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balance includes $505,774 and $432,107 of accrued interest.	$ 6,077,976	$ 6,004,309
Secured note receivable from Parkview Senior EAH II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $4,932,528, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2019 and 2018, the outstanding balance includes $447,710 and $382,500 of accrued interest.	5,380,238	5,315,028
Secured note receivable from Piper Court Fairfax, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $3,279,912, is non-interest bearing and is due in full in the year 2073.	3,279,912	3,279,912
Unsecured note receivable from Riverfield Homes Limited Partnership, a California Limited Partnership, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2031.	313,348	-
Unsecured note receivable from Riviera–San Rafael Associates, LP, a California limited partnership, whose General Partner is an affiliated organization, in the amount of $377,225, bears interest at 4.84% compounded annually and is due in full in May 2059. As of June 30, 2019 and 2018, the outstanding balances include $398,976 and $363,143 of accrued interest.	776,201	740,368
Secured note receivable from EAH Rohlffs Concordia Manor, LP, a California Limited Partnership, whose General Partner is an affiliated organization, has a face value of $2,227,194, bears interest at 3.52% compounded annually, is payable to the extent of surplus cash, and matures in 2064. The note was acquired from an unrelated entity for cash consideration of $56,561. EAH accounts for the note under the cost recovery method because a reasonable expectation of expected cash flows to be collected cannot be made. In accordance with the cost recovery method, payments were applied to the cost of the note reducing it to zero. During the years ended June 30, 2019 and 2018, payments were received in the amount of $80,875 and $50,135, respectively, and have been recorded as gain.	-	-

SCHEDULE OF NOTES RECEIVABLE (Continued)

	2019	2018
Secured note receivable from EAH Rohlffs Concordia Manor, LP, a California Limited Partnership (Rohlffs Manor III property), whose General Partner is an affiliated organization, has a face value of $2,628,484, bears interest at 3.52% compounded annually, is payable to the extent of surplus cash, and matures in 2064. The note was acquired from an unrelated entity for cash consideration of $68,349.		
EAH accounts for the note under the cost recovery method because a reasonable expectation of expected cash flows to be collected cannot be made. In accordance with the cost recovery method, payments were applied to the cost of the note reducing it to zero. During the years ended June 30, 2019 and 2018, payments were received in the amount of $64,378 and $0, respectively, and have been recorded as gain.	$ -	$ -
Unsecured note receivable from San Clemente Housing Partners, LP, whose General Partner is an affiliated organization, in the amount of $2,500,000, bears simple interest at 3% and is due in full in December 2060. As of June 30, 2019 and 2018, the outstanding balances include $673,243 and $789,442 of accrued interest.	3,173,243	3,289,442
Unsecured non-interest bearing advance receivable from San Clemente Housing Partners, LP, a California Limited Partnership, whose General Partner is an affiliated organization.	66,000	66,000
Unsecured non-interest bearing advance receivable from San Clemente Housing Partners, LP, a California Limited Partnership, whose General Partner is an affiliated organization.	120,879	120,879
Unsecured note receivable from 3706 San Pablo, LP, a California Limited Partnership, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2074.	2,250,000	-
Unsecured note receivable from San Pablo Senior Housing Associates II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $1,673,627, bears interest at 4.24% compounded annually and is due in full in the year 2063. As of June 30, 2019 and 2018, the outstanding balances include $931,506 and $825,541 of accrued interest.	2,605,133	2,499,168
Secured note receivable from Shelter Hill, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $9,595,278, bears interest at 3.4% compounded annually and is due in full in the year 2068. As of June 30, 2019 and 2018, the outstanding balance includes $179,096 and $119,685 of accrued interest.	9,527,377	9,619,482

SCHEDULE OF NOTES RECEIVABLE (Continued)

	2019	2018
Unsecured note receivable from Sonoma Creekside II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $2,732,434, bears interest at 2.52% compounded annually and is due in full in the year 2067. As of June 30, 2019 and 2018, the outstanding balances include $332,904 and $- of accrued interest.	$ 3,012,284	$ -
Unsecured note receivable from Sonoma Creekside II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2067.	159,055	-
Secured note receivable from South Winery Associates, LP, a California Limited Partnership, whose General Partner is an affiliated organization. The note was acquired from an unrelated entity on June 1, 2017 for cash consideration of $1 plus a $268,000 option payment. The note has a face value of $2,310,000 bears interest at 6.88% compounded annually, payable to the extent of surplus cash, and matures in 2024. EAH accounts for the note under the cost recovery method because a reasonable expectation of expected cash flows to be collected cannot be made. In accordance with the cost recovery method, the payments are applied to the cost of the note reducing it to zero, and gain for the amount in excess of the cost will be recorded.	-	268,001
Unsecured note receivable from Stonebridge Housing II, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $269,543 due in full in December 2017.	-	188,949
Unsecured note receivable from Summer Park Fresno, LP, a California Limited Partnership, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2076.	3,287,000	-
Unsecured note receivable from Turina Associates, a California limited partnership, whose General Partner is an affiliated organization, in the amount of $62,500, bears interest at 4.84% compounded annually, due in full in May 2059. As of June 30, 2019 and 2018, the outstanding balances include $66,104 and $60,167 of accrued interest.	128,604	122,667
Unsecured, non-interest bearing advance receivable from Turina Associates, a California limited partnership, whose General Partner is an affiliated organization.	44,798	44,798
Secured note receivable from Walnut Place, LP, a California Limited Partnership, whose General Partner is an affiliated organization, in the amount of $1,500,000, bears interest at 2.24% compounded annually and is due in full in the year 2070. As of June 30, 2019 and 2018, the outstanding balance includes $88,846 and $53,731 of accrued interest.	1,588,846	1,553,731
Total advances and notes receivable, including interest	$ 103,375,691	$ 74,147,774

SCHEDULE OF GROUND LEASE AGREEMENTS

The long term ground lease rents receivable are stated at their fair value, increasing annually by the amount of annual ground lease rent earned. Payments are either made to the extent of annual surplus cash generated by the property or are deferred until maturity. The collection of the ground lease rents receivable are dependent on the long term operating results and value of the properties owned by the partnerships at the maturity date.

	2019	2018
Ground lease rent receivable		
EAH entered into a ground lease agreement with Turina Associates, a California limited partnership, whose General Partner is an affiliated California nonprofit corporation, to lease the land on which Anise Turina Apartments is located. The term of the lease is 55 years commencing March 2004, and requires annual rent of $37,576. Rent shall be payable only to the extent there is surplus cash, as defined in the agreement, and unpaid rents are due in full in the year 2060.	$ 110,650	$ 198,337
EAH entered into a ground lease agreement with Riviera-San Rafael Associates, a California limited partnership, whose General Partner is an affiliated California nonprofit corporation, to lease the land on which Riviera Apartments is located. The term of the lease is 55 years commencing March 2004, and requires annual rent of $34,160. Rent shall be payable only to the extent there is surplus cash, as defined in the agreement, and unpaid rents are due in full in the year 2060.	182,554	196,389
EAH entered into a ground lease agreement with Dublin Transit Site A2, LP, a California limited partnership, whose General Partner is an affiliated organization, to lease the land on which the Dublin Transit site is located. The term of the lease is 55 years commencing June 30, 2005, and requires annual rent of $25,000. Rent shall be payable only to the extent there is surplus cash, as defined in the agreement, and unpaid rents are due in full in the year 2061.	38,768	72,145
Total ground lease rent receivable	$ 331,972	$ 466,871
Prepaid ground lease		
EAH entered into a ground lease agreement with San Clemente Housing Partners, LP, a California limited partnership, whose General Partner is an affiliated organization, to lease the land on which San Clemente Apartments is located. The term of the lease is 85 years commencing December 2005, and required prepayment of the entire ground lease rent of $5,295,533. EAH recognizes annual lease income of $62,300.	$ 4,449,287	$ 4,511,587

SCHEDULE OF INVESTMENTS

EAH serve as the general partner of partnerships which own and operate affordable housing. The investments are recorded using the equity method, which consists of the cumulative balance of the initial capital contribution to the partnership plus the general partners' percentage allocation of the partnerships' net earnings or loss.

In addition, EAH holds investments in Housing Partnership Insurance Exchange (HPIEx) to gain access to affordable workers' compensation insurance from a reciprocal insurance company. The investment is recorded at cost and represents approximately 4.6% of the ownership shares of the workers' compensation program at HPIEx as of June 30, 2019.

Investments in other companies consist of the following as of June 30, 2019:

		2019	2018
3706 San Pablo Emeryville, LP	.01% General	$ 2,000,000	$ 2,000,000
Don Avante Associates I, LP	.1% Limited	24,380	23,209
Don Avante Associates II, LP	.1% Limited	204,302	197,526
Don de Dios, LP	.009% General	(7,803,714)	(8,049,076)
Dublin Transit Site A2, LP	.01% General	1,288,977	1,269,060
Ecumenical Housing Corporation	100% owner	2,467,923	2,406,039
Fellowship Plaza EAH, LLC	50% Member	36	95
Larkspur Isle, LTD	99% Limited	547,639	427,218
Orchards Morgan Hill, LP	.01% General	79	100
Park Place EAH, LP	.01% General	(14,614,570)	(14,490,394)
Pelican Way, LLC	100% owner	4,383,960	4,945,598
Piper Court Farifax, LP	.01% General	(2,895,298)	-
San Clemente Housing Partners	.01% General	1,799,878	1,799,938
Sonoma Creekside, LP	10% Limited	(1,343)	216,725
South Winery Associates, LP	1% Limited	7,323,315	53,784
Stonebridge Housing, LLC	50% Member	1,162,325	1,118,500
Three Oaks Housing, LP	1% Limited	25,779	25,040
Vista Park Associates, I	.05% Limited	5,963	6,950
Vista Park Associates, II	.05% Limited	23,280	23,488
Summer Park Fresno, LP	.01% General	(8,782,243)	-
HPIEx		245,100	245,100
Total investments in other companies		$ (12,594,232)	$ (7,781,100)

SCHEDULE OF NOTES PAYABLE

Notes payable are secured by a deed of trust on the property unless otherwise noted and are summarized as follows:

	2019	2018
Note payable for Avena Bella Note payable to JPMorgan Bank and Trust Company, N.A. under the Federal Home Loan Bank of San Francisco's Affordable Housing Program (AHP), is non-interest bearing. Payments are deferred for 55 years. Principal is due in full in the year 2067.	$ 1,000,000	$ 1,000,000
Note payable for Avena Bella II Note payable to the City of Turlock in the amount of $500,000, is unsecured and non-interest bearing. Upon acquisition of the site, the balance of the loan will be rolled into a deferred loan.	500,000	500,000
Note payable for Imperial Senior Note payable to the City of Imperial in the amount of $500,000, is unsecured and non-interest bearing. Upon acquisition of the site, the balance of the loan will be rolled into a deferred loan.	387,236	176,605
Note payable for Greenfield Commons Note payable to Local Initiative Support Corporation in the amount of $3,800,000, bears interest at 5.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or January 2020, with two optional 6 month extensions to January 2021. As of June 30, 2019 and 2018, accrued interest totaled $15,574 and $-, respectively.	3,800,000	-
Note payable for Lake Park Note payable to Century Housing Corporation in the amount of $4,500,000, bears interest at a variable rate equal to the one-month LIBOR plus 4.5% with a floor rate of 6.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or April 2021.	4,500,000	-
Note payable for Laurel EAH Note payable to the City of Santa Monica in the amount of $8,300,000, is non-interest bearing. Payments are deferred for 24 months with optional extensions of 18 months and 12 months. Principal is due in full in May 2021 unless extended to November 2023.	7,000,000	-
Note payable for Magnolia Villa Note payable to the City of Santa Monica in the amount of $6,585,000, is non-interest bearing. Payments are deferred for 24 months with optional extensions of 18 months and 12 months. Principal is due in full in September 2020 unless extended to March 2023.	5,354,795	-

SCHEDULE OF NOTES PAYABLE (Continued)

	2019	2018
Note payable for Matsya Villas		
Note payable to Century Housing Corporation in the amount of $5,000,000, bears interest at a variable rate equal to the one-month LIBOR plus 4.5% with a floor rate of 6.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or April 2021.	$ 5,000,000	$ -
Note payable to the City of Hayward in the amount of $238,951, bears interest at 3%. Annual payments are due from residual receipts. Principal and interest is due on full in April 2074. As of June 30, 2019 and 2018, accrued interest totaled $962 and $-, respectively.	238,951	-
Note payable for Mission Paradise		
Note payable to Century Housing Corporation in the amount of $6,000,000, bears interest at a variable rate equal to the one-month LIBOR plus 4.5% with a floor rate of 6.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or December 2020.	6,000,000	-
Note payable to the City of Hayward in the amount of $800,000, bears interest at 3%. Annual payments are due from residual receipts. Principal and interest is due on full in December 2073. As of June 30, 2019 and 2018, accrued interest totaled $11,310 and $-, respectively.	800,000	-
Note payable for Pointe on La Brea		
Note payable to Corporation for Supportive Housing, bears interest at 6%, and is secured by a deed of trust on the property. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or December 2020, with one optional 6 month extension to June 2021.	6,445,000	-
Total notes payable	41,025,982	1,676,605
Less: debt issuance costs	(940,888)	-
Total notes payable, net	$ 40,085,094	$ 1,676,605

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

To the Board of Directors
EAH Inc. and Affiliates and Subsidiaries

We have audited, 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, the consolidated financial statements of EAH Inc. and Affiliates, a California nonprofit public benefit corporation, and Subsidiaries which comprise the consolidated statement of financial position as of June 30, 2019, and the related consolidated statement of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statement, and have issued our report thereon dated November 20, 2019.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Spiteri, Narasky & Daly LLP

Moraga, California
November 20, 2019

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
EAH Inc. and Affiliates and Subsidiaries

Report on Compliance for Each Major Program

We have audited EAH Inc. and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of EAH Inc. and Affiliates' major federal programs for the year ended June 30, 2019. EAH Inc. and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of EAH Inc. and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about EAH Inc. and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of EAH Inc. and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, EAH Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

<u>INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE *(Continued)*</u>

Report on Internal Control Over Compliance

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

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

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

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

Spiteri, Narasky & Daly LLP

Moraga, California
November 20, 2019

EAH INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

Federal Grantor/Pass-thrc Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Department of Treasury			
Community Development Financial Institutions Fund			
Pass-through:			
Local Initiatives Support Corporation	21.020	N/A	$ 3,800,000
Subtotal CFDA #	21.020		3,800,000
(Total CDFI Cluster)			
Department of Housing and Urban Development			
Community Development Block Grant Program Loans			
Pass-through:			
City of Hayward	14.218	Unknown	$ 800,000
City of Hayward	14.218	Unknown	238,951
Subtotal CFDA #	14.218		$ 1,038,951
(Total CDBG - Entitlement Grants Cluster)			
Total Federal Expenditures			$ 4,838,951

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards includes the federal award activity of EAH Inc. and Affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S.*Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of EAH Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of EAH Inc. and Affiliates.

EAH Inc. and Affiliates has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE B – OUTSTANDING LOAN BALANCES

The loan balances outstanding at the end of the year are as follows:

Community Development Financial Institutions Fund		
Local Initiatives Support Corporation	$	3,800,000
Community Development Block Grant Program Loans		
City of Hayward	$	800,000
City of Hayward	$	238,951

EAH INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2019

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financing reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Type of auditors' report issued on compliance for major programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	No

Identification of major programs
CFDA# 14.218 - Community Development Block Grant Program
CFDA# 21.020 - Community Development Financial Institutions Fund

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee	No

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

EAH INC. AND AFFILIATES

COMBINED FINANCIAL STATEMENTS
AND INDEPENDENT AUDITOR'S REPORT

June 30, 2021 and 2020

EAH INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
Years Ended June 30, 2021 and 2020

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SPITERI, NARASKY & DALEY, LLP
Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
EAH Inc. and Affiliates

Report on the Combined Financial Statements

We have audited the accompanying combined financial statements of EAH Inc., a California nonprofit public benefit corporation, and affiliates which comprise the combined statements of financial position as of June 30, 2021 and 2020, 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 Combined 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 combined 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 the entity's 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 the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the 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, the combined financial statements referred to above present fairly, in all material respects, the financial position of EAH Inc. and affiliates, as of June 30, 2021 and 2020, and the changes in its net assets and cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

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Other Information

Our audit was conducted for the purpose of forming an opinion on the combined financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* and the supplementary information on pages 34 through 51, are presented for purposes of additional analysis and is not a required part of the 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards,* we have also issued a report dated December 16, 2021 on our consideration of EAH Inc. and Affiliates' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the 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 EAH Inc. and Affiliates' internal control over financial reporting and compliance.

Spiteri, Narasky & Daly LLP

Lafayette, California
December 16, 2021

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF FINANCIAL POSITION
June 30, 2021 and 2020

	2021	2020
Current assets		
Cash and cash equivalents	$ 25,364,392	$ 25,378,075
Restricted cash and deposits, current (note B)	12,509,564	12,671,630
Investments - marketable securities (note C)	15,684,084	13,355,301
Receivables, current (note D)	3,777,880	3,782,167
Prepaid expenses and deposits	1,215,640	1,108,991
Total current assets	58,551,560	56,296,164
Other assets		
Restricted cash and deposits, net of current (note B)	46,734,380	46,440,710
Receivables, net of current (note D)	3,596,049	5,854,052
Notes receivable, including interest (note E)	16,975,943	16,638,326
Prepaid ground lease rent (note F)	25,546,756	26,003,272
Land held for lease and development (note G)	57,376,769	45,469,465
Development in progress (note H)	38,167,054	78,483,454
Property and equipment, net (note I)	846,699,642	770,537,821
Investments in uncombined entities (note J)	3,671,722	2,883,845
Deferred costs, net	1,162,420	986,375
Other assets	47,357	90,283
Total assets	$ 1,098,529,652	$ 1,049,683,767

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities		
Accounts payable and accrued expenses, current	$ 2,047,065	$ 1,692,292
Development costs payable	7,160,965	14,564,262
Lines of credit payable (Note K)	4,932,960	5,093,691
Accrued interest payable, current	835,983	889,641
Notes payable, current (note L)	6,372,080	5,523,532
Total current liabilities	21,349,053	27,763,418
Long-term obligations		
Accrued expenses, net of current	2,712,575	2,164,125
Tenant security deposits	3,928,311	3,579,793
Related party fees payable	73,036	383,955
Ground lease payable (note M)	37,269	37,048
Derivative financial instruments (note N)	5,342,262	8,102,384
Notes payable, net (note L)	638,535,846	606,258,438
Accrued interest payable, net of current	54,552,736	49,455,081
Total liabilities	726,531,088	697,744,242
Net assets		
Controlling interests		
Without donor restrictions	158,232,447	156,799,917
Board-designated funds (note T)	14,546,508	12,096,925
Total controlling interests	172,778,955	168,896,842
Non-controlling interests	199,219,609	183,042,683
Total net assets	371,998,564	351,939,525
Total liabilities and net assets	$ 1,098,529,652	$ 1,049,683,767

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF ACTIVITIES
Years Ended June 30, 2021 and 2020

	2021	2020
Support and revenue		
Support		
Grants and contributions - administrative	$ 766,977	$ 865,854
Grants and contributions - project development	686,000	382,400
Donations from affiliates	192,574	47,810
Donation of property	-	19,578,735
Other donations and fundraising events	176,620	68,440
Total support	1,822,171	20,943,239
Revenue		
Property management and accounting fees	6,278,383	5,150,939
Partnership and asset management fees	434,263	383,365
Development fees	1,403,696	1,717,092
Rental property income	84,137,941	79,111,759
Income from investments in uncombined entities	32,813	42,951
Interest and investment income	858,907	831,387
Net realized and unrealized gain on investments	2,270,778	338,565
Forgiveness of debt	1,949,999	-
Other income	2,619,245	1,498,409
Total revenue	99,986,025	89,074,467
Total support and revenue	101,808,196	110,017,706
Expenses		
Program services	111,498,877	111,890,756
Management and general	4,408,950	3,833,790
Fundraising	39,296	57,859
Total expenses	115,947,123	115,782,405
Change in net assets	(14,138,927)	(5,764,699)
Net assets - beginning of year	351,939,525	347,519,633
Capital contributions, net of distributions and syndication costs	34,197,966	10,184,591
Net assets - end of year	$ 371,998,564	$ 351,939,525
Reconciliation of net assets		
Controlling interest:		
Beginning of year	$ 168,896,842	$ 152,746,479
Change in net assets	3,882,113	16,150,363
End of year	172,778,955	168,896,842
Non-controlling interest:		
Beginning of year	183,042,683	194,773,154
Capital contributions, net of distributions and syndication costs	34,197,966	10,184,591
Non-controlling interests in limited partnership losses	(18,021,040)	(21,915,062)
End of year	199,219,609	183,042,683
Net assets, end of year	$ 371,998,564	$ 351,939,525

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended June 30, 2021 and 2020

	2021			
	Program Services	**Management & General**	**Fundraising**	**Total**
Salaries and related expenses	$ 31,258,773	$ 2,604,215	$ -	$ 33,862,988
Professional fees and consulting	2,484,252	1,247,551	36,025	3,767,828
Office rent and expenses	3,388,633	260,574	-	3,649,207
Administrative expenses	2,901,977	281,407	3,271	3,186,655
Utilities	7,440,818	-	-	7,440,818
Operating and maintenance	12,293,516	-	-	12,293,516
Taxes and insurance	5,038,417	15,203	-	5,053,620
Financing expenses	21,422,802	-	-	21,422,802
Change in fair value of derivatives	(2,760,122)	-	-	(2,760,122)
Depreciation and amortization	27,112,501	-	-	27,112,501
Other partnership expenses	917,310	-	-	917,310
Total expenses	$ 111,498,877	$ 4,408,950	$ 39,296	$ 115,947,123

	2020			
	Program Services	**Management & General**	**Fundraising**	**Total**
Salaries and related expenses	$ 27,066,670	$ 2,232,074	$ -	$ 29,298,744
Professional fees and consulting	2,748,067	1,052,304	52,950	3,853,321
Office rent and expenses	3,115,871	161,738	-	3,277,609
Administrative expenses	2,489,078	368,985	4,909	2,862,972
Utilities	6,807,487	10,097	-	6,817,584
Operating and maintenance	11,217,263	-	-	11,217,263
Taxes and insurance	3,259,688	8,592	-	3,268,280
Financing expenses	20,872,242	-	-	20,872,242
Change in fair value of derivatives	7,779,093	-	-	7,779,093
Depreciation and amortization	25,461,261	-	-	25,461,261
Other partnership expenses	1,016,475	-	-	1,016,475
Other expenses	57,561	-	-	57,561
Total expenses	$ 111,890,756	$ 3,833,790	$ 57,859	$ 115,782,405

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (14,138,927)	$ (5,764,699)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	27,112,501	25,461,261
Amortization of debt issuance costs	1,233,723	772,817
Unrealized gain on investments	(1,629,207)	(102,619)
Income from investments in uncombined entities	(35,551)	(41,405)
Donation of property	-	(19,578,735)
Forgiveness of debt	(1,949,999)	-
Change in fair value of derivative financial instruments	(2,760,122)	7,779,093
(Increase) decrease in:		
Receivables	2,262,290	(132,587)
Prepaid expenses	(106,649)	(154,070)
Notes receivable interest	(338,304)	(326,879)
Prepaid ground lease	456,516	(794,288)
Other assets	42,926	26,539
Increase (decrease) in:		
Accounts payable and accrued expenses	592,304	1,176,773
Tenant security deposits	348,518	325,972
Ground lease payable	221	(28,794)
Accrued interest payable	1,954,803	(558,775)
Net cash provided by operating activities	13,045,043	8,059,604
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sales of investments, net	(699,576)	(513,695)
Payments for development in progress	(22,721,307)	(60,492,894)
Collection of (advances for) notes receivable	687	325,978
Purchase of land for development	(11,907,304)	(3,812,784)
Additions to property and equipment	(44,291,733)	(19,919,358)
Net cash used by investing activities	(79,619,233)	(84,412,753)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions, net of syndication costs	33,445,640	10,200,130
Payments of debt issuance and deferred costs	(1,210,725)	(1,215,941)
Proceeds from line of credit	8,429,536	8,805,249
Payments on line of credit	(8,590,267)	(4,834,650)
Proceeds from notes payable	73,212,350	105,393,588
Principal payments on notes payable	(38,594,423)	(38,594,423)
Net cash provided by financing activities	66,692,111	79,753,953
Increase in cash, cash equivalents, restricted cash and deposits	117,921	3,400,804
Cash, cash equivalents, restricted cash and deposits - beginning of year	84,490,415	81,089,611
Cash, cash equivalents, restricted cash and deposits - end of year	$ 84,608,336	$ 84,490,415

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

EAH INC. AND AFFILIATES
COMBINED STATEMENTS OF CASH FLOWS
Years Ended June 30, 2021 and 2020

SUMMARY OF CASH, CASH EQUIVALENTS, RESTRICTED CASH AND DEPOSITS

	2021	2020
Cash and cash equivalents	$ 25,364,392	$ 25,378,075
Restricted cash and deposits, current	12,509,564	12,671,630
Restricted cash and deposits, less current	46,734,380	46,440,710
Total cash, cash equivalents, and restricted deposits	$ 84,608,336	$ 84,490,415

SUPPLEMENTARY INFORMATION

	2021	2020
Cash paid for interest	$ 18,468,000	$ 22,998,600
Noncash investing and financing activities:		
Increase in property and equipment	$ (63,037,707)	$ (52,283,308)
Decrease in development in progress	63,037,707	52,283,308
Total noncash investing and financing activities	$ -	$ -

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

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES

EAH Inc. (EAH) is a California nonprofit public benefit corporation whose purpose is the acquisition, development, rehabilitation and operation of housing for very low, low and moderate income households of the greater Bay Area, Central Valley, Southern California and Hawaii. In addition, EAH owns real properties located in Marin, California which provide housing for low- and moderate-income individuals and families. These real properties are included in these combined financial statements as directly owned properties.

In addition, EAH is also affiliated with and under common board control with other not-for-profit and for profit corporations which have been formed either as supporting entities to EAH or as instruments to further EAH's organization objectives. These entities, which are included in the combined financial statements of EAH in accordance with accounting principles generally accepted in the Unites States of America, are listed below:

- Pelican Way EAH, LLC (Pelican Way), a single member limited liability company whose single member is EAH, was formed to own, operate and maintain real property in San Rafael, California. EAH leases its office space from Pelican Way.

- EAH Commercial Landlord, LLC, a single member limited liability company whose single member is EAH, was formed to operate as a master lessor for commercial space owned by certain EAH affiliates.

- Hui Kauhale, Inc. (HKI), a Hawaii nonprofit public benefit corporation whose purpose is the acquisition, development, rehabilitation and operation of housing for low-income households in Hawaii. EAH is related to Hui Kauhale, Inc. by common members on the Board of Directors.

- Single member limited liability companies whose single member is EAH or an affiliate that were formed to acquire land to be held for development as follows:

1901 Broadway Sacramento, LLC	Greenfield EAH II, LLC
212 E Tabor Fairfield, LLC	Lake Park Oakland, LLC
4507 Main Street, LLC	Laurel EAH NC, LLC
Blossom Hill EAH, LLC	Martel EAH, LLC
Detroit West Hollywood, LLC	Mission Paradise, LLC
Greenfield Commons, LLC	Pointe on La Brea, LLC

- Single-purpose, single member limited liability companies holding controlling general partner interest (ranging from 0.01% to 1%) in their respective partnerships whose affordable housing is currently in development under the low income housing tax credit program (LIHTC) as follows:

LLC's	Limited Partnership(s), if applicable
Magnolia Villas, LLC	Magnolia Villas, LP
Matsya Villas, LLC	Matsya Villa, LP
Archway Commons EAH, LLC	Archway Commons II, LP

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

- Single-purpose not-for-profit corporations that previously owned affordable housing project or currently hold a controlling general partner interest (ranging from 0.01% to 1%) in a limited partnership that is no longer operating an affordable housing project and in the process of being dissolved. In addition, EAH owns certain limited partner interests as noted:

Not-For-Profit Corporations		Limited Partnership(s), if applicable
Golden Oak Manor, Inc.	(1)	Vista Park Associates I, LP
Palm Court Senior Homes, Inc.	(1)	Palm Court Senior Homes, LP
Ecumenical Housing Corporation		
Kalani Mala, Inc.		
Kukui Kauhale, Inc.		

(1) EAH is the Limited Partner

- Single-purpose not-for-profit corporations and single member limited liability companies holding controlling general partner interest (ranging from 0.01% to 1%) in their respective LIHTC limited partnerships providing affordable housing. In addition, EAH owns certain limited partner interests as noted :

Not-For-Profit Corporations and LLC's		Limited Partnership(s) or Property Name
32300 Almaden Boulevard, LLC		Los Robles Apartments Associates, LP
3706 San Pablo Emeryville, LLC	(2)	3706 San Pablo Emeryville, LP
Archway Commons EAH, LLC		Archway Commons I, LP
Avena Bella EAH, LLC		Avena Bella I, LP
Avena Bella EAH, LLC		Avena Bella II, LP
Buchanan Park EAH, LLC		Buchanan Park EAH, LP
Cathedral Gardens Oakland, LLC		Cathedral Gardens Oakland, LP
Cecilia Place Homes, Inc.	(1)	Cecilia Place Homes, LP
Cecilia Place Homes, Inc.		Bella Terra EAH, LP
Cochrane Morgan Hill EAH, LLC		Cochrane Morgan Hill EAH, LP
Crescent Park EAH, LLC		Crescent Park EAH, LP
Don de Dios EAH, LLC	(2)	Don de Dios, LP
Drakes Way EAH, Inc.	(1)	Drakes Way Housing Partners, LP
Dublin & De Marcus, LLC	(2)	Dublin Transit Site A2, LP
Dublin Transit EAH, Inc.		Villages at Kings Canyon
EAH Bay Area Community, LLC	(2)	San Clemente Housing Partners, LP
EAH Creekside		EAH Larkspur Creekside Associates II, LP
EAH Elena Gardens, LLC		EAH Elena Gardens, LP
EAH Kukui Gardens, Inc.		Kukui EAH/DGI Associates, LP
EAH Park Place, LLC	(2)	EAH Park Place, LLC
EAH San Pablo		San Pablo Senior Housing Associates II, LP
Golden Oak Manor EAH, LLC		Golden Oak Manor II, LP
Golden Oak Manor, Inc.		Vista Park Associates II, LP
Hamilton Affordable Homes, Inc.	(1)	Hamilton Continuum Partners I, LP
Hamilton Affordable Homes, Inc.	(1)	Hamilton Continuum Partners II, LP
Hilarita Belvedere EAH, LLC	(2)	Hilarita Belvedere, LP
Hui Kauhale, Inc.		Ewa Homes, LP
Hui Kauhale, Inc.		Kahului Town Terrace, LP
Interfaith Housing Foundation		Shelter Hill, LP
Kalani Gardens, LLC		Kalani Gardens II, LP

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

Not-For-Profit Corporations and LLC's		Limited Partnership(s) or Property Name
Kings Valley EAH, LLC		Kings Valley, LP
Kukui Tower, LLC		Kukui Tower II, LP
Larkspur Isle EAH, Inc.	(1)	Larkspur Isle, LTD
Mackey Terrace EAH, LLC		Mackey Terrace EAH, LP
Midtown Homes, Inc.	(1)	EAH - Gateway Santa Clara, LP
Midtown Homes, Inc.	(1)	Story Plaza Apartments, LP
Oaks EAH, LLC		Oaks II, LP
Orchards EAH, LLC	(2)	Orchards Morgan Hill, LP
Palm Court Senior Homes, Inc.	(1)	Riviera-San Rafael Associates, LP
Palm Court Senior Homes, Inc.	(1)	Turina Associates, LP
Palm Court San Jose, LLC	(2)	Palm Court San Jose, LP
Parkview Family II, LLC		Parkview Family EAH II, LP
Parkview Senior II, LLC		Parkview Senior EAH II, LP
Piper Court EAH, LLC	(2)	Piper Court Fairfax, LP
Point Reyes EAH, Inc.	(1)	Point Reyes Affordable Homes, LP
Pointe on Vermont EAH, LLC	(2)	Pointe on Vermont, LP
Rohlffs Manor EAH, Inc.		EAH Rohlffs Manor, LP
Sonoma Creekside EAH, LLC		Sonoma Creekside EAH II, LP
Sonoma County Affordable Homes, Inc.	(1)	Riverfield Homes Limited Partnership
Summer Park EAH, LLC	(2)	Summer Park Fresno, LP
Vista Park I, LLC	(2)	Vista Park I, LP
VMK II, LLC		Ewa Homes II, LP
VMK III, LLC		Ewa Homes III, LP
Walnut Place EAH, LLC		Walnut Place EAH, LP

(1) EAH is the Limited Partner
(2) EAH is the sole member of the General Partner

- Other single-purpose corporations holding sole member interests in LLC's which hold controlling general partner interest (ranging from 0.01% to 1%) in their respective partnerships and other corporations which own affordable housing as noted below:

Not-For-Profit Corporations	LLC
1150 Webster Street, Inc.	Buchanan Park EAH, LLC
Cloverdale Senior Housing, Inc.	Kings Valley EAH, LLC
EAH - Contra Costa, Inc.	Crescent Park EAH, LLC
Elena Gardens Homes, Inc.	EAH Elena Gardens, LLC
Los Robles Apartments, Inc.	32300 Almaden Boulevard, LLC
Morgan Hill Ranch Housing, Inc.	Cochrane Morgan Hill EAH, LLC
Three Oaks Family Homes, Inc.	Oaks EAH, LLC
North Marin Senior Housing Corporation	212 E Tabor Fairfield EAH, LLC

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

The combined financial statements do not include certain single-purpose LLC's holding a general partner interest (ranging from 0.01 to 1%) in their respective limited partnerships for which EAH is deemed not to have majority control:

Not-For-Profit Corporations and LLC's	Limited Partnership(s)
Belovida Cecilia, LLC	Belovida at Newbury Park, LP
Belovida Cecilia, LLC	Cornerstone at Japantown, LP
Belovida Cecilia, LLC	Willow Housing, LP
Centertown, Inc.	Centertown Associates, Ltd.
EAH Markham I, LLC	Markham Plaza I, LP
Fellowship Plaza, LLC	Fellowship Plaza, LP
HKI Hibiscus Hills, LLC	#60 A'ohe Pukana La Housing, LLC
HKI Ikena, LLC	Imi Ikena Housing Partners, LP
HKI Kahuku, LLC	#41 Kahuku Elderly Partners
HKI Kolopua, LLC	# 56 Kolopua Partners, LP
HKI Rice Capmp LLC	#52 Rice Camp Partners, LP
Napa Park Homes, LLC	Napa Park Homes, LP
Nohana Hale, LLC	630 Cooke Street Partnership, LP
Ola Ka 'Ilima Artspace Lofts, LLC	Ola Ka 'Ilima Artspace Lofts, LLLP
Sola at 87th LLC	Sola at 87th, LP
Stonebridge Housing Corporation	Stonebridge Housing II, LP
Stonebridge Housing, LLC	Stonebridge Housing Associates

The combined financial statements do not include certain single-purpose not for profit corporations providing affordable housing for which EAH is deemed not to have majority control or majority control and an economic benefit:

Not-For-Profit Corporations	Property Name
Arbor Court, Inc.	Arbor Court
Beckett Hall, Inc.	Primero Grove
Bee Street Apartments, Inc.	Bee Street Housing
Belvedere-Tiburon Housing Association	Farley Place
Ecology House, Inc.	Ecology House
Floral Gardens Apartments, Inc.	Floral Gardens Apartments
Fountain West Apartments, Inc.	Fountain West Apartments
Lincoln Avenue Apartments, Inc.	Lincoln Avenue Apartments
Main Street Apartments, Inc.	Silver Oak
Olive Avenue Apartments, Inc.	Margaret Duncan Greene Apartments
Rodeo Senior Apartments, Inc.	Rodeo Gateway
Stonehaven Student Housing, Inc.	Stonehaven

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

A summary of the significant accounting policies applied in the preparation of the accompanying combined financial statements is as follows:

1. Principles of Combination

Not-for-Profit Corporations

The combined financial statements include the accounts of EAH and other not-for-profit entities that are commonly controlled by EAH's Officers or Board of Directors, including those not-for-profit entities that are majority controlled by EAH and in which EAH has significant financial benefit. Other not-for-profit entities, over which EAH does not exercise majority control or have significant financial benefit, 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 EAH or its affiliated not-for-profit entities are included in the combined financial statements. The partnership interests generally range from 0.005% to 1.0% with the remainder of the partnership's equity held by a limited partner and shown as non-controlling interests in unrestricted net assets. All material intercompany balances and transactions have been eliminated in the combined financial statements. Partnerships over which EAH or its affiliates exercise significant influence are included in the combined financial statements using the equity method of accounting.

Limited Liability Companies

Limited liability companies that are controlled by EAH 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 partnership management, property management, accounting and other fees on the books of EAH against the corresponding operating expenses on a partnership or property's books; elimination of receivables from partnerships and properties on EAH and certain affiliates' books against the corresponding payables on the partnerships and properties books; and elimination of developer fee revenue on EAH's books against developer fee costs which is capitalized into building cost on a partnership's books. Financial statements for each of the major business components, prior to eliminations, are available in the Supplementary Information.

2. Basis of Presentation and Accounting Method

The accompanying combined financial statements have been prepared on the accrual basis in accordance with accounting principles generally accepted in the United States of America (GAAP). Support and revenues are recorded in the period when earned and expenses when incurred, regardless of the timing of payments. In addition, the financial position and activities are presented on the basis of net assets without donor restrictions and net assets with donor restrictions depending on the nature of any donor imposed restrictions. As of June 30, 2021 and 2020, all of EAH's net assets are without donor restrictions.

3. Cash, Cash Equivalents, Restricted Cash and Deposits, and Concentrations of Credit Risk

Cash is defined as cash in demand deposit accounts as well as cash on hand. Restricted cash are funds restricted as to their use and include reserves for repairs and replacements, operating reserves, tax and insurance impound accounts, other reserves, and tenant security deposits. 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.

As of June 30, 2021 and 2020, EAH and affiliates maintain cash on deposit at banks in excess of the Federal Deposit Insurance Corporation limit. EAH and affiliates have not experienced any losses in such accounts and believes it is not exposed to any significant risk of loss.

4. 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 establishes 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 EAH. Unobservable inputs, if any, reflects EAH'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 EAH 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 judgement.

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 judgement.

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.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

5. Allowance for Uncollectible Accounts

EAH records an allowance for doubtful accounts based on a review of outstanding amounts receivable, existing conditions and specific situations. Tenant rents receivable are reported net of an allowance for doubtful accounts. It is reasonably possible that management's estimate will change. As of June 30, 2021 and 2020, the balance of the allowance for doubtful accounts is $1,119,966 and $23,998, respectively.

6. Land

Purchased land is carried at cost. Donated land is carried at estimated fair market value at the date of donation. EAH leases most of its land to affiliated affordable housing developments under long-term leases.

7. Development in Progress

Developments in progress include the cost of acquisition, construction or rehabilitation of housing projects that have not been completed. EAH incurs costs during the predevelopment phase of each affordable housing project undertaken. Property holding costs (including interest costs incurred on rehabilitation-related debt, net of interest earned on investment of the borrowed funds) are also capitalized. Any funds expended on a project that does not pass beyond the development stage are recorded as expenses when further activity on the project ceases. Development in progress includes costs of construction or rehabilitation of affiliate housing projects that have not been completed. Development in progress is not depreciated until the completion of the development.

8. Capitalized Interest

EAH and affiliates capitalize interest incurred during construction as a component of development in progress and building and improvements costs. For the years ended June 30, 2021 and 2020, capitalized interest amounted to $3,089,194 and $3,635,512, respectively.

9. Property and Equipment

Property is stated at cost as of the date of acquisition, or fair market value as of the date of donation. Acquisitions among entities under common control are recorded at historical cost. The cost of maintenance and repairs are charged to operations when incurred. All major replacements and betterments are capitalized.

Depreciation is provided in amounts sufficient to relate the cost or fair market value of depreciable assets to operations over their estimated service lives using the straight-line method. 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

EAH reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property 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 were no impairment losses recognized in the years ending June 30, 2021 and 2020.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

10. Investments in Uncombined Entities

EAH uses the equity method to account for its investments in partnerships over which EAH's officers and/or board are deemed not to have majority control but have significant influence. Under the equity method, the initial investment is recorded at cost and is subsequently increased by EAH's share of earnings and decreased by its share of losses and distributions. Under the equity method, losses from operating partnerships in which EAH is not required to fund any operating deficit obligations are no longer recognized once the balance in the investment account reaches zero.

Investments in other entities, over which EAH's officers and/or board of directors are deemed not to have significant influence are accounted for using fair value. Since fair values of these equity securities are not readily determinable, the investments are estimated at cost, adjusted by any impairment and changes resulting from observable price changes in orderly transactions for identical or similar investments.

11. Deferred Costs and Amortization

Deferred costs consist of tax credit monitoring fees and market study costs that are amortized over ten to fifteen years using the straight-line method. As of June 30, 2021 and 2020, deferred costs are net of accumulated amortization of $1,287,022 and $1,368,708, respectively.

12. Debt Issuance Costs

Debt issuance costs are amortized over the terms of the notes payable using the straight-line method. GAAP require that the effective yield method be used to amortize debt issuance costs; however, the effect of using the straight-line method is not materially different from the results that would have been obtained under the effective yield method. Amortization of debt issuance costs is reported as interest expense in the statements of operations. Unamortized debt issuance costs are reported a deduction from notes payable.

13. Derivatives and Hedging Activities

EAH recognizes all derivatives on the combined statement of financial position at fair value. Derivatives that do not qualify for the hedge accounting are adjusted to fair value through income. If the derivative is a hedge instrument, depending on the nature of the hedge transaction, the changes in fair value of derivatives are either offset against the earnings of the hedged item or recognized in other revenue (expense) in net assets until the hedged item is recognized in earnings. The ineffective portion of a derivative hedge instrument is immediately recognized in earnings.

EAH is a party to derivatives for the purpose of limiting its exposure to interest rate fluctuations through the use of an interest rate swap. Net amounts received or paid under the swap arrangement are recorded as an offset to interest expense. Derivatives are held only for the purpose of hedging or limiting such risks, not for speculation. As of June 30, 2021 and 2020, none of EAH's derivatives qualifies as a hedge instrument.

14. 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 uncombined affiliates, 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.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

15. Revenue Recognition

Property Management Revenue

EAH provides property management, bookkeeping and related services. Property management revenue is recognized in the month in which it is earned in accordance with the terms of the individual agreements. Property management revenue with affiliates has been eliminated in the combined financial statements. In addition, EAH is reimbursed for expenses incurred in connection with the management of properties for third parties which are primarily salaries and benefits relating to employees at properties.

Contributions Revenue

Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized. All other donor-restricted contributions are reported as an increase in net assets with donor restrictions, depending on the nature of restriction. 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 combined statements of activities as net assets released from restrictions.

Unconditional pledges to give are recorded as contributions when pledged at the net present value of the amounts expected to be collected. Unconditional pledges to give that are expected to be received in future periods are discounted annually using the current interest rate the funds would earn. Amortization of the discount is recorded as contribution revenue.

Revenue from contributions is recognized at the net present value of the amounts expected to be collected pursuant to the terms specified by the donor. Contributions are recognized at the earlier of the date of receipt of funds or the date of a formal unconditional pledge from known donors. Donations and fundraising event contributions are recognized as revenue when they are unconditionally received.

Public Support and Grant Revenue

EAH receives contract and grant funding from federal, state, and county agencies for the establishment of affordable housing opportunities primarily to benefit low-income households. Revenue from such grants is recognized when earned in accordance with agreements.

Revenue from program service fees are recognized as services are performed and collection is reasonably assured.

Rental Housing Revenue

Rental income is recognized as rent becomes due. Rental payments received in advance are deferred until earned. All leases between the projects and tenants of the projects are operating leases. Lease terms are usually one year or less. Therefore, EAH recognizes monthly rent as lease income under ASC Topic 840 *Leases*. Rental subsidy income is considered part of the lease and is not considered a contribution under ASC 958. This standard indicates that government payments to specifically identified participants are to be considered exchange transactions and potentially subject to ASC 606. EAH believes that both rental and subsidy income streams are exempted from compliance with ASC 606 due to their inclusion under current and future lease standards.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

15. Revenue Recognition (Continued)

Rental Housing Revenue (Continued)

EAH has further determined that any resident services or other services provided to residents that do not relate to the unit rent are not part of the calculation of lease payment. EAH recognizes revenue under these other service lines under ASC Topic 606 *Revenue from Contracts with Customers*. Revenue streams subject to ASC 606 include: tenant reimbursement of consumption-based costs paid by the projects on behalf of the tenant, such as utilities and other monthly fees. Additional revenue includes laundry, and vending, as well as damages. Such fees are ancillary to the lease process and are recognized as revenue at the point in time such fees are incurred.

Revenue from long-term leases on land is recorded in the period earned, according to lease contract terms. In many situations, rental revenue is payable only from excess cash and is recorded when cash is received.

Development Fee Revenue

EAH provides development services in connection with the acquisition, construction or rehabilitation of housing projects. Developer fees are earned during the predevelopment, development and closing phases of the projects. Developer fees are recognized based on the milestone method during the predevelopment and closing phases of the projects and based on the percentage-of-completion method during the development phase. Payments received for services not yet performed are deferred until earned.

Developer fees recognized from combined affiliates or consolidated subsidiaries are eliminated as intercompany transactions. EAH estimates that 60% of its development 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. The 40% profit portion of developer fees are considered as deferred revenue and amortized annually to offset the depreciation expense related to the fee capitalized as real property costs.

16. Functional Allocation of Expenses

The costs of providing the various programs and activities have been summarized on a functional basis in the combined statements of activities. The combined statements of functional expenses present the natural classification detail of expense by nature and function. Accordingly, certain costs have been allocated among the programs and supporting services based on estimates of employees' time incurred and usage of resources. Program services include all expense relating to development, management and rental operations of properties. Supporting services consist of management and general purposes.

17. Advertising Costs

Advertising costs are charged to operations when incurred.

18. Income Taxes and Tax Exempt Status

EAH and other not-for profit corporations have been granted tax-exempt status by the Internal Revenue Service, under Code Section 501 (C) (3), and the California Franchise Tax Board under the Revenue and Taxation Code Section 23701(d). The income or loss from the partnerships is reported by the partners on their tax returns.

NOTE A - NATURE OF ACTIVITIES AND SUMMARY OF ACCOUNTING POLICIES (Continued)

18. Income Taxes and Tax Exempt Status (Continued)

No income tax provision has been included in the combined financial statements for the single member limited companies which are generally considered disregarded entities. The income and 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.

EAH 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 combined financial statements. EAH and affiliates' federal and state income tax and information returns for the years 2017 through 2020 are subject to examination by the regulatory agencies, generally for three years and four after they were filed for federal and state, respectively.

19. Allocation of Partnership Income/Losses 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 affiliated partnership. Because the limited partners' losses are limited to their investments, except when EAH and affiliates are also the co-general partner and co-limited partner, the limited partners' equity will not be reduced below zero unless future capital contributions will be made in amounts 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.

20. Use of Estimates

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

21. Risks and Uncertainties

EAH is subject to various risks and uncertainties in the ordinary course of business that could have adverse impacts on its operating results and financial condition. Future operations could be affected by changes in the economy or other conditions in the geographical area where the corporation is located or by changes in federal, state and/or local low-income housing subsidies or the demand for such housing.

22. Guarantees

GAAP require a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued after December 31, 2002. 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 R).

23. Date of Management's Evaluation and Subsequent Events

Subsequent events were evaluated through December 16, 2021, which is the date the combined financial statements were available to be issued.

NOTE B – RESTRICTED CASH AND DEPOSITS

EAH and affiliates are required to maintain various reserves for development and operations and maintenance of the property and equipment in accordance with the partnership agreements, loan and regulatory agreements. Certain affiliates are required to maintain impound accounts to cover property and insurance premiums and hold tenant security deposits in separate bank accounts in the name of the properties. Accordingly, such restricted cash and deposits as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Tenant security deposits	$ 3,960,250	$ 3,610,367
Escrow impound accounts	522,093	618,585
Replacement, operating and other reserves	54,761,601	54,883,388
Total restricted cash and deposits	59,243,944	59,112,340
Less current	(12,509,564)	(12,671,630)
Restricted cash and deposits, less current	$ 46,734,380	$ 46,440,710

NOTE C – INVESTMENT – MARKETABLE SECURITIES

EAH'S investments measured at fair value on a recurring basis as of June 30, 2021 and 2020, and the fair value hierarchy of the valuation techniques utilized by EAH to determine fair values are as follows:

	June 30, 2021		*June 30, 2020*	
	Cost	*Quoted Prices in Active Markets for Identical Assets (Level 1)*	*Cost*	*Quoted Prices in Active Markets for Identical Assets (Level 1)*
Mutual funds	$ 6,178,575	$ 8,665,185	$ 6,194,637	$ 7,121,192
Fixed income	6,152,463	6,271,863	5,246,350	5,466,492
Real estate	636,412	747,036	646,349	767,617
Total investments	$ 12,967,450	$ 15,684,084	$ 12,087,336	$ 13,355,301

The following presents investments by category at fair value as of June 30, 2021 and 2020:

	2021	2020
Mutual funds:		
US equity	$ 5,924,687	$ 4,833,949
Developed foreign	2,158,690	1,789,061
Emerging foreign	581,808	498,182
Total mutual funds	$ 8,665,185	$ 7,121,192
Fixed income:		
Taxable US	$ 5,303,005	$ 3,363,548
Taxable foreign emerging	968,858	2,102,944
Total fixed income	$ 6,271,863	$ 5,466,492

NOTE D – ACCOUNTS RECEIVABLE

Accounts receivable consists of the following as of June 30, 2021 and 2020:

	2021	2020
Tenant rents and subsidy assistance	$ 873,845	$ 385,572
Grants, contracts and other	2,554,518	2,495,347
Partnership management fees	269,696	170,449
Development costs receivable (payable)	-	(4,358)
Developer fees	3,675,870	6,589,209
Total receivables	7,373,929	9,636,219
Less current portion	(3,777,880)	(3,782,167)
Receivables, less net of current portion	$ 3,596,049	$ 5,854,052

NOTE E – NOTES RECEIVABLE

Long term notes receivable are stated at their fair value, increasing annually by the amount of accrued interest earned, unless otherwise noted. Payments are either made to the extent of annual surplus cash generated by the property or are deferred until maturity. The collection of the notes receivable are dependent on the long term operating results and the value of the properties owned by the partnerships at the maturity dates.

	2021	2020
Secured note receivable from Belovida at Newbury Park, LP, whose Managing General Partner is an affiliated organization, in the amount of $2,600,171 is non-interest bearing, secured by a deed of trust on the property and due in full on January 1, 2065.	$ 2,563,109	$ 2,563,109
Secured note receivable from Belovida at Newbury Park, LP, whose Managing General Partner is an affiliated organization, in the amount of $735,022 is non-interest bearing, secured by a deed of trust on the property and due in full on February 28, 2068.	735,022	735,022
Unsecured note receivable from Floral Gardens Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $516,107 is non-interest bearing, and due in in May 2046.	189,442	190,129
Unsecured note receivable from Fountain West Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $1,132,893 is non-interest bearing, and due in in May 2046.	1,132,893	1,132,893
Note receivable from Hibiscus Hills in the amount of $8,488,589, bears interest at 3.27% compounded annually and is secured by the property at Hibiscus Hills. Annual payments are due in an amount equal to 10% of residual receipts, as defined in the note. Beginning June 1, 2024, monthly payments of $2,000 are due through maturity. Principal and accrued interest is due in full in May 2054. As of June 30, 2021 and 2020, accrued interest amounted to $2,196,988 and $1,858,684, respectively.	10,685,577	10,347,273

NOTE E – NOTES RECEIVABLE (Continued)

	2021	2020
Secured notes receivable from Willow Housing, L.P., whose General Partner is an affiliated organization, in the amounts of $55,000 and $1,615,100 are non-interest bearing, secured by a deed of trust on the property and due in full on November 26, 2069.	$ 1,669,900	$ 1,669,900
Total notes receivable, including interest	$ 16,975,943	$ 16,638,326

NOTE F - PREPAID GROUND LEASE

	2021	2020
EAH's affiliates, Hamilton Continuum Partners I, L.P. and Hamilton Continuum Partners II, L.P. entered into ground lease agreements with the Novato Public Finance Authority (the Lease) to lease the land on which its properties are developed.		
The Leases are for 99 years and require annual lease payments of $1, which were prepaid in the amount of $99 each. In addition, the affiliates were required to pay lease acquisition fees of $7,034,373 and incurred legal costs of $69,298 (collectively, Lease Costs) in connection with the Leases. Of the Lease Costs, $1,614,716 were capitalized into the cost of the buildings and the remaining $5,489,153 have been deferred as prepaid land lease and are being expensed over the 99 year term of the Leases.	$ 4,521,163	$ 4,576,609
EAH's affiliate, 3706 San Pablo Emeryville, LP, entered into a ground lease agreement (the Lease) with the City of Emeryville to lease the land on which the Property is developed. The Lease commenced on June 1, 2017, is for 75 years from the date of completion, and requires annual rent of $1 per year. In addition, the Partnership incurred costs in connection with the acquisition and execution of the Lease for total prepaid ground lease expense of $1,275,491. The prepaid ground lease expense will be amortized over the 75 year term of the Lease.	1,217,888	1,234,346
EAH's affiliate, Kukui EAH/DGI Associates, LP, entered into a ground lease agreement with HHFDC to lease the land on which the Property is developed. The lease is for 65 years and commenced December 2007 with a single fixed lease payment of $25,000,000. The prepaid ground lease rent is amortized over the 65 year term of the lease.	19,807,705	20,192,317
Total prepaid ground lease rent	$ 25,546,756	$ 26,003,272

The estimated aggregate land lease expense for each of the next five years ending June 30 is as follows:

2022	$ 456,516		2025	$ 456,516
2023	$ 456,516		2026	$ 456,516
2024	$ 456,516			

NOTE G – LAND HELD FOR LEASE AND DEVELOPMENT

EAH owns land that is either in the process of being developed or will be developed in the future for affordable housing. The land has been recorded at the original cost. As of June 30, 2021 and 2020, the land held for development consists of the following:

		2021	2020
1901 Broadway	(at cost)	$ 5,615,627	$ -
212 E Tabor Fairfield	(at cost)	532,500	525,000
4507 Main Street	(at cost)	3,275,000	3,275,000
Detroit West Hollywood	(at cost)	4,850,000	-
Greenfield Commons	(at cost)	3,816,964	3,816,964
Lake Park	(at cost)	-	4,969,000
Laurel EAH	(at cost)	6,981,075	6,980,000
Martel Villas	(at cost)	6,400,000	-
Matsya Villa	(at cost)	5,033,352	5,031,250
Mission Paradise	(at cost)	6,085,331	6,085,331
Pointe on La Brea	(at cost)	5,223,387	5,223,387
Subtotal land held for development		$ 47,813,236	$ 35,905,932

EAH owns land which is leased to partnerships that operate low-income housing apartment complexes. The General Partners of the partnerships are affiliated to EAH and are combined in these combined financial statements. The land has been recorded at the original cost or appraised value upon the date of donation. As of June 30, 2021 and 2020, the land held for lease consists of the following:

		2021	2020
San Clemente Apartments, leased for 85 years	(at cost)	$ 5,295,533	$ 5,295,533
Camelia Place Apartments, leased for 55 years	(appraised value)	3,120,000	3,120,000
Anise Turina Apartments, leased for 55 years	(at cost)	672,000	672,000
Riviera Apartments, leased for 55 years	(at cost)	476,000	476,000
Subtotal land held for lease		9,563,533	9,563,533
Total land held for lease and development		$ 57,376,769	$ 45,469,465

NOTE H – DEVELOPMENT IN PROGRESS

Development in progress consists of the following as of June 30, 2021 and 2020:

	2021	2020
1901 Broadway Sacramento	$ 1,345,928	$ 295,505
212 E Tabor Fairfield	225,349	693,725
4507 Main Street	904,278	549,597
Archway Commons II	4,425,772	220,003
Avena Bella II	-	10,043,601

NOTE H – DEVELOPMENT IN PROGRESS (Continued)

	2021	2020
Centertown II	$ 300,806	$ 156,177
Greenfield Commons	1,423,397	935,280
Halewiliko Highlands	379,724	-
Hilarita Belvedere	1,520,496	1,327,071
Hilo Vets	1,146,393	498,556
Imperial Senior	1,310,316	917,777
Kukui Tower II	-	24,373,529
Lake Park	2,419,339	1,212,811
Laurel EAH	906,827	246,540
Lightfighter Village	500,710	470,363
Magnolia Villas	12,640,946	2,416,644
Martel EAH	440,624	309,666
Matsya Villa	2,516,463	1,849,581
Mission Paradise	2,240,484	1,531,323
Nevin Plaza	323,141	-
Palm Court San Jose	-	2,869,391
Pointe on La Brea	2,003,506	1,087,196
Pointe on Vermont	65,195	13,241,562
Sola at 87th	204,564	-
Summer Park	95,771	6,983,762
Vista Park I	-	5,686,828
Vista Park II	310,539	352,751
Other projects	516,486	214,215
Total development in progress	$ 38,167,054	$ 78,483,454

NOTE I – PROPERTY AND EQUIPMENT

Property and equipment and accumulated depreciation as of June 30, 2021 and 2020 consist of the following:

	2021	2020
Land	$ 68,805,536	$ 66,921,478
Building and improvements	961,048,507	864,166,410
Furniture and equipment	34,871,292	30,012,469
Total property and equipment	1,064,725,335	961,100,357
Less accumulated depreciation	(218,025,693)	(190,562,536)
Property and equipment, net	$ 846,699,642	$ 770,537,821

NOTE J – INVESTMENTS IN UNCOMBINED ENTITIES

EAH and Affiliates serve as the general partner of partnerships which own and operate affordable housing in which EAH does not have majority control and does not consolidate. The investments are recorded using the equity method, which consists of the cumulative balance of the initial capital contribution to the partnership plus the general partners' percentage allocation of the partnerships' net earnings or loss. As of June 30, 2021 and 2020, these investments total $3,671,722 and $3,426,622, respectively. The financial position and activity are summarized as follows:

	Unaudited	
	2021	2020
Total assets	$ 412,143,590	$ 390,140,163
Total liabilities	$ 293,176,477	$ 337,309,066
Partners' capital	$ 118,967,113	$ 52,831,097
Net income (loss)	$ (17,294,265)	$ (8,511,250)

In addition, EAH holds investments in Housing Partnership Insurance Exchange (HPIEx) to gain access to affordable workers' compensation insurance from a reciprocal insurance company. EAH has elected to record its investment in HPIEx at cost because the pricing inputs are unobservable and significant. As of June 30, 2021 and 2020, the investment is recorded at cost totaling $245,100 and $245,100, respectively.

NOTE K – LINES OF CREDIT

	2021	2020
Secured line of credit with Westamerica Bank in the amount of $2,060,000 that is secured by 7 units at Tiburon Hills Estates and matures on December 31, 2021. Outstanding principal bears interest at a variable interest rate equal to Westamerica's index rate plus 0.250%, equal to 6.5% at June 30, 2021.	$ 1,849,723	$ 2,019,660
Secured line of credit with Westamerica Bank in the amount of $6,662,000 that is secured by 9 units at Tiburon Hills Estates and matures on December 31, 2021. Outstanding principal bears interest at a variable interest rate equal to Westamerica's index rate plus 0.250%, equal to 6.5% at June 30, 2021.	3,083,237	-
Unsecured line of credit with Westamerica Bank in the amount of $1,600,000 which matures on April 30, 2021. Outstanding principal bears interest at a variable rate equal to Westamerica's index rate plus 0.750%, equal to 7% at June 30, 2021.	-	585,428
Unsecured lines of credit with Westamerica Bank in the amount of $1,250,000 which mature on December 31, 2021. Outstanding principal bears interest at a variable rate equal to Westamerica's index rate plus 0.750%, equal to 7% at June 30, 2021.	-	859,752
Unsecured lines of credit with Westamerica Bank in the amount of $1,690,000 which mature on December 31, 2021. Outstanding principal bears interest at a variable rate equal to Westamerica's index rate plus 0.750%, equal to 7% at June 30, 2021.	-	1,628,851
Total lines of credit	$ 4,932,960	$ 5,093,691

NOTE L – NOTES PAYABLE

Notes payable are generally secured by the respective properties and are summarized as follows:

	2021	2020
Unsecured note payable to City National Bank, N.A. in the original amount of $6,144,212, funded under the Payroll Protection Program established by the Coronavirus Aid Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 2, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over twenty-four months beginning six months from the date of the note. The loan may be prepaid at any time with no prepayment penalty. During the year ended June 30, 2020, EAH made a principal payment in the amount of $4,192,213. During the year ended June 30, 2021 the outstanding balance of the loan was forgiven.	$ -	$ 1,949,999
Construction loans bearing interest at variable rates, ranging from 1.37% to 2% at June 30, 2021 and with varying maturity dates through 2022. During the construction period, all interest shall be added to the outstanding principal balance. Interest expense on the notes for years ending June 30, 2021 and 2020 totaled $4,284,240 and $3,902,471, respectively. As of June 30, 2021 and 2020, accrued interest totaled $313,344 and $-0-, respectively.	157,091,659	126,817,596
Bond and permanent loans bearing interest from 3.67% to 8.7%, generally with principal and interest due monthly, to be repaid in full through 2045. Bond principal payments may be accumulated in a principal fund held by a trustee. Interest expense on the notes for years ending June 30, 2021 and 2020 totaled $10,777,622 and $11,870,213, respectively. As of June 30, 2021 and 2020, accrued interest totaled $834,708 and $889,641, respectively.	223,626,348	228,833,077
Deferred notes payable to various federal, state and local agencies. Such notes are secured by the related property and are either non-interest bearing or bear interest at .5% to 5.75%. Interest expense on these notes for years ending June 30, 2021 and 2020 totaled $7,910,368 and $6,576,102, respectively. As of June 30, 2021 and 2020, accrued interest totaled $54,240,267 and $49,455,081, respectively.	274,562,985	265,012,392
Total notes payable	655,280,992	622,613,064
Less: debt issuance costs	(10,373,066)	(10,831,094)
Less: current maturities	(6,372,080)	(5,523,532)
Total notes payable, net	$ 638,535,846	$ 606,258,438

NOTE L – NOTES PAYABLE (Continued)

Principal payments toward deferred loans and notes payable for the next five years are subject to changes in net cash flow, which is a contingency that cannot be reasonably estimated. The construction loans are anticipated to be converted to permanent financing upon maturity and are excluded from the current portion of long-term obligations. Minimum required payments on amortizing loans are estimated as follows:

2022	$ 6,178,000	2025	$ 8,046,000
2023	$ 6,382,000	2026	$ 8,943,000
2024	$ 6,238,000		

NOTE M – GROUND LEASE PAYABLE

EAH's affiliate, EAH Larkspur Creekside Associates II, L.P., entered into a lease agreement with the City of Larkspur to lease the land on which its property is developed. The ground lease term runs for ninety-five years from June 1, 1989. Annual rent shall be equal to ten percent (10%) of annual gross receipts and payments are limited to 60% of surplus cash, as defined in the Partnership Agreement, not to exceed the annual rent. In the event that 60% of surplus cash is less than the annual rent, the unpaid rent will accrue without interest. Any deferred rent shall be paid upon sale or transfer to an entity other than any entity controlled by EAH. As of June 30, 2021 and 2020, accrued ground lease rent amounted to $37,269 and $37,048, respectively.

NOTE N – DERIVATIVE FINANCIAL INSTRUMENTS

EAH and Affiliates entered into various interest rate cap/swap master agreements to potentially minimize the effect of changed in the variable interest rate of the loans. The derivative financial instruments are stated at fair value using quoted price provided by the counterparty banks. Counterparty banks' valuation uses various approaches that involve using quoted market prices for economically equivalent instruments, or valuation methodologies, assumptions and inputs, which in the case of projected future cash flows, discount such cash flows to a single net present value amount.

The valuation is either based on Level 1 inputs directly, or based on the application of valuation models, which be proprietary, that take into account Level 1, Level 2, and Level 3 inputs. Level 1 and Level 2 inputs are market-based, utilizing observable market data including swap rates, basis rates and currency exchange rates from sources believed to be reliable but which counterparty banks have not independently verified. Level 3 inputs may be used if counterparty banks determine that Level 2 and Level 2 inputs are unavailable, or in liquid or disclosed markets, unreliable.

For the years ended June 30, 2021 and 2020, the changes in fair value of EAH and Affiliates' derivative financial instruments are as follows:

	2021	2020
Liability balance, July 1	$ 8,102,384	$ 323,291
New derivatives	-	4,154,741
Unrealized (gain)/loss	(2,760,122)	3,624,352
Liability balance, June 30	$ 5,342,262	$ 8,102,384

NOTE O – LEASE COMMITMENT

EAH leases office space in Morgan Hill under an agreement which expired in July 2021, in Hawaii under an agreement which expires in September 2024, and in Tarzana, California under an agreement which expires in October 2022, with options to extend through February 2024.

EAH leases office space in San Rafael from its wholly owned subsidiary, Pelican Way, LLC. All intercompany transactions have been eliminated in connection with that lease. The rental expense for the years ended June 30, 2021 and 2020 was $952,623 and $958,969, respectively. The future minimum annual lease commitments for the years ended June 30 are estimated as follows:

2022	$	214,192	2025	$	19,890
2023	$	216,550			
2024	$	138,107			

NOTE P – RETIREMENT PLAN

EAH offers a 403(b) tax deferred annuity plan for all of its employees. Eligible employees' annual contribution may not exceed the lesser of 100% of their salary or $19,500. Employees who are 50 years or older are permitted to make additional contributions up to $6,500 annually. EAH contributes to the plan in an amount equal to 1% of the employees' annual salary for all employees. For those employees who contribute to the plan, EAH also contributed an amount equal to the employees' contribution up to 3% of the employees' annual salary. The total employer contribution for June 30, 2021 and 2020 was $682,358 and $538,242, respectively.

EAH also offers a 457(b) top hat plan to allow senior management to defer compensation. EAH does not contribute to this plan. Eligible employees' annual contributions may not exceed the lesser of 100% of their salary or $19,500. Employees who are 50 years or older are permitted to make additional contributions up to $6,500 annually.

NOTE Q – RELATED PARTY TRANSACTIONS

Property management fees, accounting fees, compliance fees and partnership management fees charged to affiliated organizations related by common members on the Board of Directors totaled approximately $1,300,000 and $1,276,000 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, amounts receivable from affiliated organizations for these fees totaled approximately $324,000 and $207,000, respectively.

Development fees charged to affiliated organizations related by common members on the Board of Directors totaled $283,696 and $1,717,092 for the years ended June 30, 2021 and 2020, respectively. As of June 30, 2021 and 2020, amounts receivable from affiliated organizations for developer fees totaled $3,406,972 and $6,256,553, respectively.

NOTE R – GUARANTEES

EAH issues a variety of guarantees in the course of developing properties. The guarantees are generally issued in favor of limited partner investors or lenders. Guarantees, as of June 30, (except for tax benefits which are one year in arrears), consist of the following:

	2021	2020
Operating deficits	$ 10,271,000	$ 12,577,000
Construction loan repayment and completion *(1)*	147,800,000	210,660,000
Tax benefits	164,772,000	156,250,000
Total guarantees	$ 322,843,000	$ 379,487,000

(1) $109,433,000 of construction loan funds had been drawn as of June 30, 2021.

<u>Operating Deficit Guarantees</u>

Operating deficit guarantees are commitments to fund future operating deficits of partnerships. The guarantees are issued in favor of tax credit limited partnerships, and generally are for the fifteen year period when the investor is expected to hold its limited partner interest, or for shorter periods (for example, until certain debt ratios are achieved). A payment under a guarantee would result in the transfer of cash resources from the guarantor to an affiliate, resulting in an obligation to repay the advance, usually from future operating cash flow. To date, EAH has not experienced any calls on these guarantees.

<u>Construction Loan Repayment and Completion Guarantees</u>

EAH provides repayment guarantees for construction loans used for the development of properties. EAH has also provided construction completion guarantees in favor of certain lenders for the development of properties and lease-up of a project, should the project not receive expected permanent financing, or should the cost of the development exceed permanent financing received. A payment under such a guarantee would result in the transfer of cash resources from the guarantor to an affiliate that is obligated to complete a development, resulting in an obligation to repay the advance, usually from future operating cash flow. There are no significant completion delays in EAH current developments. To date, EAH has not experienced non-completion of a project, nor has it been called on for any loan repayment guarantee.

<u>Tax Benefits Guarantees</u>

As the sponsor or the developer of certain properties financed in part by federal and/or state tax credit allocations, EAH has made certain guarantees to investors as to the tax credits and other benefits to be derived from the properties. These guarantees generally cover the tax compliance periods of fifteen years after initial lease-up. A payment under such a guarantee could result in a cash distribution from an affiliate's operating cash flow to the investor limited partner. In the opinion of management, compliance with tax regulations and careful monitoring of the properties should preclude these contingent liabilities from materializing. To date, EAH has not experienced any calls on these guarantees.

NOTE S – LIQUIDITY AND AVAILABILITY

EAH's liquidity management policy includes structuring its financial assets to be available as general expenditures, liabilities and other obligations come due and which requires the maintenance of three months' operating cash in its general operating account. Funds are held in short term deposits and investments with daily liquidity access. In addition, EAH has committed lines of credit in the amount of $13,262,000 that can be drawn if needed.

EAH's financial assets available within one year to meet cash needs for general expenditures as of June 30:

	2021	2020
Cash and cash equivalents	$ 25,364,392	$ 25,378,075
Short-term investments	15,684,084	13,355,301
Accounts receivable	3,777,880	3,782,167
Financial assets available within one year to meet cash needs for general expenditures	$ 44,826,356	$ 42,515,543

NOTE T – NET ASSETS – BOARD DESIGNATED FUNDS

EAH has established a Capital Reserve Fund to be utilized for board designated purposes to fulfill its mission. Funds are available for acquisitions, predevelopment costs, land purchases and capital improvements. Total Capital Reserve Fund as of June 30, 2021 and 2020, amounted to $14,546,508 and $12,096,925, respectively. These funds are not available for general operations without board approval.

NOTE U – COMMITMENTS AND CONTINGENCIES

Litigation

EAH and certain affiliates may be named in various claims and legal actions in the normal course of their activities. Based upon counsel and management's opinion, the outcomes of such matters are not expected to have a material adverse effect on EAH and certain affiliates' financial position or changes in net assets.

Property management

Property management on certain properties is contracted with non-affiliated entities for annual amounts subject to yearly increases.

Grants and loans receivable

In connection with various federal, state and city grants and loan programs, EAH and certain affiliates are obligated to operate in accordance with those grant and loan requirements and are subject to audit by those agencies. In cases of noncompliance, the agencies involved may require that EAH and certain affiliates refund payment of program funds. The amount, if any, of expenditures that may be disallowed by the agencies cannot be determined at this time, although EAH and certain affiliates expect such amounts, if any, to be immaterial.

NOTE U – COMMITMENTS AND CONTINGENCIES (Continued)

Other

As general partners in various partnerships, EAH and certain affiliates may be subject to other liabilities, should the affected partnerships' assets become insufficient to meet their obligations. In the opinion of management, future revenues and the value of the underlying assets of each of these partnerships will be sufficient to meet ongoing and future partnership obligations.

COVID-19

In March 2020, the World Health Organization designated COVID-19 as a pandemic. While EAH has taken various actions in response to the COVID-19 pandemic, the ultimate impact on its results of operations, cash flows, financial condition and liquidity will depend on (i) the duration and severity of the pandemic; (ii) the duration and nature of governmental responses to contain the spread of the disease and assist consumers and businesses; (iii) consumer and business responses to the pandemic, including preference for where and how to live and work; and (iv) how quickly and to what extent normal economic and operating conditions can resume.

Due to the rapid development and fluidity of the pandemic, EAH is not able to estimate the expected impact of the COVID-19 pandemic on its future results of operations, cash flows, financial condition, or liquidity. Management continues to monitor the results of operations to evaluate the economic impact of the pandemic on operations and has proactively taken steps to minimize the impact on their financial position. In addition, federal and state authorities are continuing to pass legislation in support of rent relief programs, which could reduce the potential for a decrease in rent collection. Furthermore, EAH development projects continue to move forward despite the ongoing pandemic.

Purchase Option

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

SUPPLEMENTARY INFORMATION

EAH INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION
June 30, 2021

ASSETS

	EAH	Affiliates	LIHTC Properties	Subtotal	Eliminations	Total
Current assets						
Cash and cash equivalents	$ 9,667,370	$ 1,134,962	$ 14,562,060	$ 25,364,392	$ -	$ 25,364,392
Restricted cash and deposits, current	153,996	128,798	12,226,770	12,509,564	-	12,509,564
Investments - marketable securities	15,442,964	241,120	-	15,684,084	-	15,684,084
Receivables, current	14,475,021	156,472	1,822,184	16,453,677	(12,675,797)	3,777,880
Prepaid expenses and deposits	1,830	26,200	1,187,610	1,215,640	-	1,215,640
Total current assets	39,741,181	1,687,552	29,798,624	71,227,357	(12,675,797)	58,551,560
Other assets						
Restricted cash and deposits, net of current	265,744	-	46,468,636	46,734,380	-	46,734,380
Receivables, net of current	18,349,820	1,382,750	-	19,732,570	(16,136,521)	3,596,049
Notes receivable, including interest	151,416,767	122,609,754	-	274,026,521	(257,050,578)	16,975,943
Ground lease rent receivable	212,149	-	-	212,149	(212,149)	-
Prepaid ground lease rent	-	-	29,871,442	29,871,442	(4,324,686)	25,546,756
Land held for lease and development	51,810,917	5,565,852	-	57,376,769	-	57,376,769
Development in progress	21,702,132	2,741,812	17,232,736	41,676,680	(3,509,626)	38,167,054
Property and equipment, net	480,432	12,766,999	854,749,024	867,996,455	(21,296,813)	846,699,642
Investments in other entities	(22,622,924)	(105,044,492)	-	(127,667,416)	131,339,138	3,671,722
Deferred costs, net	-	-	1,162,420	1,162,420	-	1,162,420
Other assets	47,357	-	-	47,357	-	47,357
Total assets	$ 261,403,575	$ 41,710,227	$ 979,282,882	$ 1,282,396,684	$ (183,867,032)	$ 1,098,529,652

EAH INC. AND AFFILIATES
COMBINING SCHEDULE OF FINANCIAL POSITION (Continued)
June 30, 2021

LIABILITIES AND NET ASSETS

	EAH	Affiliates	LIHTC Properties	Subtotal	Eliminations	Total
Current liabilities						
Accounts payable and accrued expenses	$ 1,094,147	$ 151,273	$ 2,490,761	3,736,181	(1,689,116)	$ 2,047,065
Related party fees payable, current	-	-	7,417,554	7,417,554	(7,417,554)	-
Development costs payable	2,964	3,543,606	10,763,385	14,309,955	(7,148,990)	7,160,965
Line of credit	4,932,960	-	-	4,932,960	-	4,932,960
Accrued interest payable, current	-	27,977	808,006	835,983	-	835,983
Notes payable, current	-	193,898	6,178,182	6,372,080	-	6,372,080
Total current liabilities	6,030,071	3,916,754	27,657,888	37,604,713	(16,255,660)	21,349,053
Long-term obligations						
Accrued expenses, net of current	2,712,575	-	-	2,712,575	-	2,712,575
Tenant security deposits	77,095	-	3,851,216	3,928,311	-	3,928,311
Related party fees payable	-	1,184,089	15,962,822	17,146,911	(17,073,875)	73,036
Prepaid ground rent	4,324,686	-	-	4,324,686	(4,324,686)	-
Ground lease payable	-	-	249,418	249,418	(212,149)	37,269
Derivative financial instruments	-	434,445	4,907,817	5,342,262	-	5,342,262
Notes payable, net	48,811,537	17,546,751	795,235,398	861,593,686	(223,057,840)	638,535,846
Accrued interest payable, net of current	262,376	272,042	88,008,065	88,542,483	(33,989,747)	54,552,736
Total liabilities	62,218,340	23,354,081	935,872,624	1,021,445,045	(294,913,957)	726,531,088
Net assets						
Controlling interests						
Without donor restrictions	184,638,727	18,356,146	(155,809,351)	47,185,522	111,046,925	158,232,447
Board-designated funds	14,546,508	-	-	14,546,508	-	14,546,508
Total controlling interests	199,185,235	18,356,146	(155,809,351)	61,732,030	111,046,925	172,778,955
Non-controlling interests	-	-	199,219,609	199,219,609	-	199,219,609
Total net assets	199,185,235	18,356,146	43,410,258	260,951,639	111,046,925	371,998,564
Total liabilities and net assets	$ 261,403,575	$ 41,710,227	$ 979,282,882	$ 1,282,396,684	$ (183,867,032)	$ 1,098,529,652

EAH INC. AND AFFILIATES
COMBINING SCHEDULE OF ACTIVITES
June 30, 2021

	EAH	Affiliates	LIHTC Properties	Subtotal	Eliminations	Total
Support and revenue						
Support						
Grants and contributions - administrative	$ 619,307	$ -	$ 147,670	$ 766,977	$ -	$ 766,977
Grants and contributions - project development	686,000	-	-	686,000	-	686,000
Donations from affiliates	1,681,795	524,632	-	2,206,427	(2,013,853)	192,574
Donation of property	-	-	-	-	-	-
Other donations and fundraising events	176,620	-	20,550	197,170	(20,550)	176,620
Total support	3,163,722	524,632	168,220	3,856,574	(2,034,403)	1,822,171
Revenue						
Property management and accounting fees	11,350,324	-	-	11,350,324	(5,071,941)	6,278,383
Partnership and asset management fees	1,747,645	1,011,394	-	2,759,039	(2,324,776)	434,263
Development fees	4,931,494	1,120,000	-	6,051,494	(4,647,798)	1,403,696
Rental property income	1,001,785	740,621	83,121,415	84,863,821	(725,880)	84,137,941
Ground lease rental income	159,036	-	-	159,036	(159,036)	-
Income (loss) from investments in other entities	26,255	(4,399,054)	-	(4,372,799)	4,405,612	32,813
Interest and investment income	4,234,564	3,731,665	90,727	8,056,956	(7,198,049)	858,907
Net realized and unrealized gain on investments	2,319,817	-	-	2,319,817	(49,039)	2,270,778
Forgiveness of debt	1,949,999	-	-	1,949,999	-	1,949,999
Other income	2,223,991	(2,777)	459,231	2,680,445	(61,200)	2,619,245
Total revenue	29,944,910	2,201,849	83,671,373	115,818,132	(15,832,107)	99,986,025
Total support and revenue	33,108,632	2,726,481	83,839,593	119,674,706	(17,866,510)	101,808,196
Expenses						
Program services	22,662,587	3,200,160	105,754,413	131,617,160	(20,118,283)	111,498,877
Management and general	3,395,660	-	1,013,290	4,408,950	-	4,408,950
Fundraising	39,296	-	-	39,296	-	39,296
Total expenses	26,097,543	3,200,160	106,767,703	136,065,406	(20,118,283)	115,947,123
Change in net assets	7,011,089	(473,679)	(22,928,110)	(16,390,700)	2,251,773	(14,138,927)
Net assets - beginning of year	192,174,146	18,991,285	31,029,885	242,195,316	109,744,209	351,939,525
Capital contributions, net of distributions and syndication costs	-	(161,460)	35,308,483	35,147,023	(949,057)	34,197,966
Net assets - end of year	$ 199,185,235	$ 18,356,146	$ 43,410,258	$ 260,951,639	$ 111,046,925	$ 371,998,564

EAH INC. AND AFFILIATES
EAH INC. ONLY - SCHEDULES OF FINANCIAL POSITION
June 30, 2021

ASSETS

	2021	2020
Current assets		
Cash and cash equivalents	$ 9,667,370	$ 10,320,867
Restricted cash and deposits, current	153,996	382,926
Investments - marketable securities	15,442,964	13,114,181
Receivables, current	14,475,021	12,551,063
Prepaid expenses and deposits	1,830	2,170
Total current assets	39,741,181	36,371,207
Other assets		
Restricted cash and deposits, net of current	265,744	296,858
Receivables, net of current	18,349,820	23,046,587
Notes receivable, including interest	151,416,767	148,535,547
Ground lease rent receivable	212,149	203,210
Land held for lease and development	51,810,917	39,913,215
Development in progress	21,702,132	13,531,765
Property and equipment, net	480,432	406,898
Other assets	47,357	90,283
Total assets	$ 284,026,499	$ 262,395,570

LIABILITIES AND NET ASSETS

	2021	2020
Current liabilities		
Accounts payable and accrued expenses, current	$ 1,094,147	$ 656,995
Development costs payable	2,964	-
Line of credit payable	4,932,960	5,093,691
Total current liabilities	6,030,071	5,750,686
Long-term obligations		
Accrued expenses, net of current	2,712,575	2,164,125
Tenant security deposits	77,095	77,142
Prepaid ground rent	4,324,686	4,386,986
Investments in partnerships and other companies, net deficit	22,622,924	22,505,655
Notes payable, net	48,811,537	35,301,520
Accrued interest payable	262,376	35,310
Total liabilities	84,841,264	70,221,424
Net assets		
Without donor restrictions	184,638,727	180,077,221
Board-designated funds	14,546,508	12,096,925
Total net assets without donor restrictions	199,185,235	192,174,146
Total liabilities and net assets	$ 284,026,499	$ 262,395,570

EAH INC. AND AFFILIATES
EAH INC. ONLY - SCHEDULES OF ACTIVITES
June 30, 2021

	2021	2020
Support and revenue		
Support		
Grants - administrative	$ 619,307	$ 625,987
Grants - project development	686,000	382,400
Donations from affiliates	1,681,795	38,982,365
Other donations and fundraising events	176,620	118,440
Total support	3,163,722	40,109,192
Revenue		
Property management and accounting fees	11,350,324	10,120,846
Partnership and asset management fees	1,747,645	1,617,635
Development fees	4,931,494	13,946,907
Rental property income	1,001,785	792,943
Ground lease rental income	159,036	159,037
Income from investments in other entites	26,255	8,616,967
Interest and investment income	4,234,564	3,821,000
Net realized and unrealized gain on investments	2,319,817	402,226
Solar incentives	1,609,380	-
Forgiveness of debt	1,949,999	-
Other income	614,611	366,092
Total revenue	29,944,910	39,843,653
Total support and revenue	33,108,632	79,952,845
Expenses		
Program services		
Property management expense	11,436,363	11,096,014
Property development expense	5,975,588	5,684,554
Asset management expense	3,183,750	2,717,145
Tenant and community services expense	1,575,147	1,617,739
Rental property expenses	491,739	485,749
Management and general	3,395,660	2,923,106
Fundraising	39,296	57,859
Total expenses	26,097,543	24,582,166
Change in net assets	7,011,089	55,370,679
Proceeds received in excess of assets transferred to affiliate	-	(14,212,768)
Net assets - beginning of year	192,174,146	151,016,235
Net assets - end of year	$ 199,185,235	$ 192,174,146

EAH INC. AND AFFILIATES
EAH INC, ONLY - SCHEDULE OF CASH FLOWS
June 30, 2021

	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 7,011,089	$ 55,370,679
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	35,537	34,572
Donations of notes receivable and accrued interest	-	(35,034,641)
Unrealized (gain) loss on investments	(1,629,207)	(102,619)
(Income) loss from investments in partnerships	(25,975)	(8,614,175)
Forgiveness of debt	(1,949,999)	-
(Increase) decrease in:		
Receivables	2,772,809	(7,275,330)
Prepaid expenses	340	(391)
Notes receivable interest	(1,632,356)	(1,016,296)
Ground lease rent receivable	(8,939)	128,762
Other assets	42,926	(34,156)
Increase (decrease) in:		
Accounts payable and accrued expenses	985,602	797,511
Tenant security deposits	(47)	41,637
Prepaid ground lease rent	(62,300)	(62,301)
Net cash provided by operating activities	5,539,480	4,233,252
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchases)/sales of investments, net	(699,576)	(639,578)
Payments for development in progress	(7,940,337)	(8,568,624)
Advances for notes receivable	(1,248,864)	(1,794,222)
Capital contributions to partnerships, net of distributions	143,244	(178,715)
Purchase of land for development	(11,897,702)	(3,287,784)
Additions to property and equipment	(109,071)	(192,767)
Net cash used by investing activities	(21,752,306)	(14,661,690)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from line of credit	8,429,536	8,805,249
Payments from line of credit	(8,590,267)	(4,834,650)
Proceeds from notes payable	19,960,016	10,705,393
Principal payments on notes payable	(4,500,000)	(5,096,195)
Net cash provided by financing activities	15,299,285	9,579,797
Decrease in cash, cash equivalents, restricted cash and deposits	(913,541)	(848,641)
Cash, cash equivalents, restricted cash and deposits at beginning of year	11,000,651	11,849,292
Cash, cash equivalents, restricted cash and deposits at end of year	$ 10,087,110	$ 11,000,651

SCHEDULE OF ADVANCES AND NOTES RECEIVABLE

Long term notes receivable are stated at their fair value, increasing annually by the amount of accrued interest earned, unless otherwise noted. Payments are either made to the extent of annual surplus cash generated by the property or are deferred until maturity. The collection of the notes receivable are dependent on the long term operating results and the value of the properties owned by the partnerships at the maturity dates.

	2021	2020
Secured note receivable from Avena Bella I, LP, whose General Partner is an affiliated organization, in the amount of $1,000,000, bears interest at 5.85% compounded annually and is due in full in the year 2067. As of June 30, 2021 and 2020, the outstanding balances include $666,019 and $575,432 of accrued interest, respectively.	$ 1,666,019	$ 1,575,432
Secured note receivable from Belovida at Newbury Park, LP, whose Managing General Partner is an affiliated organization, in the amount of $2,600,171 is non-interest bearing, and is due in full in the year 2065.	2,563,109	2,563,109
Secured note receivable from Buchanan Park EAH, LP, whose General Partner is an affiliated organization, in the amount of $6,938,536, bears interest at 2.67% compounded annually and is due in full in the year 2070. As of June 30, 2021 and 2020, the outstanding balance includes $709,053 and $510,172 of accrued interest, respectively.	7,647,589	7,448,708
Secured note receivable from Cochrane Morgan Hill, LP, whose General Partner is an affiliated organization, in the amount of $229,713, bears interest at 3.28% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balances include $98 and $751 of accrued interest, respectively.	8,163	58,710
Secured note receivable from Cochrane Morgan Hill, LP, whose General Partner is an affiliated organization, in the amount of $45,943, bears interest at 3.28% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balances include $12 and $120 of accrued interest, respectively.	945	11,151
Secured note receivable from Don de Dios, LP, whose General Partner is an affiliated organization, in the amount of $7,454,061, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2021 and 2020, the outstanding balance includes $793,636 and $611,358 of accrued interest, respectively.	8,247,697	8,065,419
Unsecured notes receivable from Drakes Way Housing Partners, LP, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2062.	1,571,250	1,571,250

SCHEDULE OFADVANCES AND NOTES RECEIVABLE (Continued)

	2021	2020
Unsecured note receivable from Dublin Transit EAH Inc., which is an affiliated organization, in the amount of $548,113, is non-interest bearing is due in full in the year 2057.	$ 548,113	$ 548,113
Secured note receivable from EAH Elena Gardens, LP, whose General Partner is an affiliated organization, in the amount of $8,345,848, bears interest at 3.45% compounded annually and is due in full in the year 2066. As of June 30, 2021 and 2020, the outstanding balance includes $286,721 and $223,050 of accrued interest, respectively.	8,632,569	8,568,898
Unsecured note receivable from Floral Gardens Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $516,107 is non-interest bearing, and due in in May 2046.	189,442	190,129
Unsecured note receivable from Fountain West Apartments, Inc., which is related to EAH by key employees who serve as members on the board of directors, in the amount of $1,132,893 is non-interest bearing, and due in in May 2046.	1,132,893	1,132,893
Unsecured note receivable from Golden Oak Manor, Inc. an affiliated organization, in the amount of $2,426,490, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2021 and 2020, the outstanding balance includes $257,616 and $198,296 of accrued interest, respectively.	2,684,106	2,624,786
Secured note receivable from Golden Oak Manor II, LP, whose General Partner is an affiliated organization, in the amount of $1,300,000, non-interest bearing due in full in the year 2070.	961,050	1,000,614
Secured note receivable from Golden Oak Manor II, LP, whose General Partner is an affiliated organization, in the amount of $442,364, bears interest at 2.61% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balances include $2,375 and $2,760 of accrued interest, respectively.	365,359	394,412
Secured note receivable from Kalani Gardens II, LP, whose General Partner is an affiliated organization, in the amount of $6,295,000, bears interest at 2.40% compounded annually and is due in full in the year 2070. As of June 30, 2021 and 2020, the outstanding balance includes $249,734 and $304,648 of accrued interest, respectively.	6,544,734	6,599,648

SCHEDULE OF ADVANCES AND NOTES RECEIVABLE (Continued)

	2021	2020
Secured note receivable from Kings Valley, LP, whose General Partner is an affiliated organization, in the amount of $4,377,400, bears interest at 2.52% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balance includes $477,593 and $509,963 of accrued interest, respectively.	$ 4,805,904	$ 4,838,274
Secured note receivable from Kukui Tower II, LP, whose General Partner is an affiliated organization, in the amount of $6,295,000, bears interest at 3.02% compounded annually and is due in full on December 31, 2073. As of June 30, 2021 and 2020, the outstanding balance includes accrued interest of $201,436 and $123,816, respectively.	6,714,959	6,637,339
Unsecured note receivable from EAH Larkspur Creekside Associates II, whose General Partner is an affiliated organization, in the amount of $1,319,689 (original amount of $1,363,634) bears interest at 5.36% compounded annually is due in full in the year 2062. As of June 30, 2021 and 2020, the outstanding balances include $852,063 and $813,575 of accrued interest, respectively.	2,171,762	2,133,274
Unsecured advance receivable from Larkspur Isle, LTD, whose General Partner is an affiliated organization, is non-interest bearing.	662,026	766,785
Secured note receivable from Mackey Terrace EAH, LP, whose General Partner is an affiliated organization, in the amount of $5,382,880, bears interest at 3.58% compounded annually and is due in full in the year 2071. As of June 30, 2021 and 2020, the outstanding balance includes $541,627 and $385,807 of accrued interest, respectively.	5,291,017	5,135,197
Secured note receivable from Oaks II, L.P., LP, whose General Partner is an affiliated organization, in the amount of $396,000, bears interest at 2.61% compounded annually and is due in full in the year 2070. As of June 30, 2021 and 2020, the outstanding balances include $1,488 and $676 of accrued interest, respectively.	242,383	266,004
Secured note receivable from Oaks II, LP, whose General Partner is an affiliated organization, in the amount of $2,353,992, bears interest at 2.61% compounded annually and is due in full in the year 2070. As of June 30, 2021 and 2020, the outstanding balance includes $187,059 and $152,266 of accrued interest, respectively.	2,541,051	2,506,258
Secured note receivable from EAH Park Place, LP, whose General Partner is an affiliated organization, in the amount of $11,127,836, bears interest at 2.75% compounded annually and is due in full in the year 2072. As of June 30, 2021 and 2020, the outstanding balance includes $625,222 and $311,542 of accrued interest, respectively.	11,720,250	11,406,570

SCHEDULE OF ADVANCES AND NOTES RECEIVABLE (Continued)

	2021	2020
Secured note receivable from Palm Court San Jose, LP, whose General Partner is an affiliated organization, in the amount of $2,600,000, non-interest bearing is due in full in the year 2074.	$ 2,600,000	$ 2,600,000
Secured note receivable from Parkview Family EAH II, LP, whose General Partner is an affiliated organization, in the amount of $2,536,800, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balances include $180,666 and $170,775 of accrued interest, respectively.	2,717,466	2,707,575
Secured note receivable from Parkview Family EAH II, LP, whose General Partner is an affiliated organization, in the amount of $6,884,083, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balance includes $280,313 and $258,931 of accrued interest, respectively.	7,408,176	7,386,794
Secured note receivable from Parkview Senior EAH II, LP, whose General Partner is an affiliated organization, in the amount of $5,572,202, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balance includes $551,881 and $535,750 of accrued interest, respectively.	6,124,083	6,107,952
Secured note receivable from Parkview Senior EAH II, LP, whose General Partner is an affiliated organization, in the amount of $4,932,528, bears interest at 2.91% compounded annually and is due in full in the year 2069. As of June 30, 2021 and 2020, the outstanding balance includes $488,524 and $474,246 of accrued interest, respectively.	5,421,052	5,406,774
Secured note receivable from Piper Court Fairfax, LP, whose General Partner is an affiliated organization, in the amount of $3,279,912, is non-interest bearing and is due in full in the year 2074.	3,279,912	3,279,912
Unsecured note receivable from Riverfield Homes Limited Partnership, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2031.	313,348	313,348
Unsecured note receivable from Riviera–San Rafael Associates, LP, whose General Partner is an affiliated organization, in the amount of $377,225, bears interest at 4.84% compounded annually and is due in full in May 2059. As of June 30, 2021 and 2020, the outstanding balances include $477,749 and $436,544 of accrued interest, respectively.	854,974	813,769

SCHEDULE OF ADVANCES AND NOTES RECEIVABLE (Continued)

	2021	2020
Secured note receivable from EAH Rohlffs Concordia Manor, LP, whose General Partner is an affiliated organization, has a face value of $2,227,194, bears interest at 3.52% compounded annually, is payable to the extent of surplus cash, and matures in 2064. The note was acquired from an unrelated entity for cash consideration of $56,561.		
EAH accounts for the note under the cost recovery method because a reasonable expectation of expected cash flows to be collected cannot be made. In accordance with the cost recovery method, payments were applied to the cost of the note reducing it to zero. During the years ended June 30, 2021 and 2020, payments were received in the amount of $80,875 and $50,135, respectively, and have been recorded as gain.	$ -	$ -
Secured note receivable from EAH Rohlffs Concordia Manor, LP, (Rohlffs Manor III property), whose General Partner is an affiliated organization, has a face value of $2,628,484, bears interest at 3.52% compounded annually, is payable to the extent of surplus cash, and matures in 2064. The note was acquired from an unrelated entity for cash consideration of $68,349.		
EAH accounts for the note under the cost recovery method because a reasonable expectation of expected cash flows to be collected cannot be made. In accordance with the cost recovery method, payments were applied to the cost of the note reducing it to zero. During the years ended June 30, 2021 and 2020, payments were received in the amount of $64,378 and $0, respectively, and have been recorded as gain.	-	-
Unsecured note receivable from San Clemente Housing Partners, LP, whose General Partner is an affiliated organization, in the amount of $2,500,000, bears simple interest at 3% and is due in full in December 2060. As of June 30, 2021 and 2020, the outstanding balances include $630,722 and $748,243 of accrued interest, respectively.	3,130,722	3,248,243
Unsecured advance receivable from San Clemente Housing Partners, LP, whose General Partner is an affiliated organization, is non-interest bearing.	66,000	66,000
Unsecured advance receivable from San Clemente Housing Partners, LP, whose General Partner is an affiliated organization, is non-interest bearing.	120,879	120,879
Unsecured note receivable from 3706 San Pablo, LP, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2074.	2,500,000	2,500,000

SCHEDULE OF ADVANCES AND NOTES RECEIVABLE (Continued)

	2021	2020
Unsecured note receivable from San Pablo Senior Housing Associates II, LP, whose General Partner is an affiliated organization, in the amount of $1,673,627, bears interest at 4.24% compounded annually and is due in full in the year 2063. As of June 30, 2021 and 2020, the outstanding balances include $1,157,105 and $1,041,964 of accrued interest, respectively.	$ 2,830,732	$ 2,715,591
Secured note receivable from Shelter Hill, LP, whose General Partner is an affiliated organization, in the amount of $9,595,278, bears interest at 3.4% compounded annually and is due in full in the year 2068. As of June 30, 2021 and 2020, the outstanding balance includes $114,856 and $156,459 of accrued interest, respectively.	9,328,586	9,398,954
Unsecured note receivable from Sonoma Creekside II, LP, whose General Partner is an affiliated organization, in the amount of $2,732,434, bears interest at 2.52% compounded annually and is due in full in the year 2067. As of June 30, 2021 and 2020, the outstanding balances include $375,862 and $353,164 of accrued interest, respectively.	3,055,242	3,032,544
Unsecured note receivable from Sonoma Creekside II, LP, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2067.	159,055	159,055
Secured note receivable from Summer Park Fresno, LP, whose General Partner is an affiliated organization, in the amount of $11,872,071, bears interest at 3.227% compounded annually and is due in full in the year 2076. As of June 30, 2021 and 2020, the outstanding balance includes $1,050,206 and $647,089 of accrued interest, respectively.	12,922,277	12,519,160
Unsecured note receivable from Summer Park Fresno, LP, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2076.	3,287,000	3,287,000
Unsecured note receivable from Summer Park Fresno, LP, whose General Partner is an affiliated organization, is non-interest bearing and due in full in the year 2076.	1,609,380	-
Unsecured note receivable from Turina Associates, whose General Partner is an affiliated organization, in the amount of $62,500, bears interest at 4.84% compounded annually, due in full in May 2059. As of June 30, 2021 and 2020, the outstanding balances include $-0- and $65,064 of accrued interest, respectively.	-	127,564
Unsecured, advance receivable from Turina Associates, whose General Partner is an affiliated organization, non-interest bearing.	33,650	44,798

SCHEDULE OF ADVANCES AND NOTES RECEIVABLE (Continued)

	2021	2020
Secured note receivable from Vista Park I, LP, whose General Partner is an affiliated organization, is non-interest bearing and is due in full in the year 2074.	$ 1,535,000	$ 1,535,000
Secured note receivable from Walnut Place, LP, whose General Partner is an affiliated organization, in the amount of $3,367,482, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2021 and 2020, the outstanding balance includes $177,888 and $129,426 of accrued interest, respectively.	3,545,370	3,496,908
Secured note receivable from Walnut Place, LP, whose General Partner is an affiliated organization, in the amount of $1,500,000, bears interest at 2.26% compounded annually and is due in full in the year 2071. As of June 30, 2021 and 2020, the outstanding balance includes $161,473 and $124,754 of accrued interest, respectively.	1,661,473	1,624,754
Total advances and notes receivable, including interest	$ 151,416,767	$ 148,535,547

SCHEDULE OF GROUND LEASE AGREEMENTS

The long term ground lease rents receivable are stated at their fair value, increasing annually by the amount of annual ground lease rent earned. Payments are either made to the extent of annual surplus cash generated by the property or are deferred until maturity. The collection of the ground lease rents receivable are dependent on the long term operating results and value of the properties owned by the partnerships at the maturity date.

Ground lease rent receivable	2021	2020
EAH entered into a ground lease agreement with Turina Associates, whose General Partner is an affiliated California nonprofit corporation, to lease the land on which Anise Turina Apartments is located. The term of the lease is 55 years commencing March 2004, and requires annual rent of $37,576. Rent shall be payable only to the extent there is surplus cash, as defined in the agreement, and unpaid rents are due in full in the year 2060.	$ 18,788	$ 18,788
EAH entered into a ground lease agreement with Riviera-San Rafael Associates, whose General Partner is an affiliated California nonprofit corporation, to lease the land on which Riviera Apartments is located. The term of the lease is 55 years commencing March 2004, and requires annual rent of $34,160. Rent shall be payable only to the extent there is surplus cash, as defined in the agreement, and unpaid rents are due in full in the year 2060.	155,861	171,922

SCHEDULE OF GROUND LEASE AGREEMENTS (Continued)

	2021	2020
EAH entered into a ground lease agreement with Dublin Transit Site A2, LP, whose General Partner is an affiliated organization, to lease the land on which the Dublin Transit site is located. The term of the lease is 55 years commencing June 30, 2005, and requires annual rent of $25,000. Rent shall be payable only to the extent there is surplus cash, as defined in the agreement, and unpaid rents are due in full in the year 2061.	$ 37,500	$ 12,500
Total ground lease rent receivable	$ 212,149	$ 203,210

Prepaid ground lease

	2021	2020
EAH entered into a ground lease agreement with San Clemente Housing Partners, LP, whose General Partner is an affiliated organization, to lease the land on which San Clemente Apartments is located. The term of the lease is 85 years commencing December 2005, and required prepayment of the entire ground lease rent of $5,295,533. EAH recognizes annual lease income of $62,300.	$ 4,324,686	$ 4,386,986

SCHEDULE OF INVESTMENTS IN OTHER ENTITIES

EAH serves as the general partner and limited partner of partnerships which own and operate affordable housing. The investments are recorded using the equity method, which consists of the cumulative balance of the initial capital contribution to the partnership plus the general partners' percentage allocation of the partnerships' net earnings or loss.

In addition, EAH holds investments in Housing Partnership Insurance Exchange (HPIEx) to gain access to affordable workers' compensation insurance from a reciprocal insurance company. The investment is recorded at cost and represents approximately 4.6% of the ownership shares of the workers' compensation program at HPIEx as of June 30, 2021.

Investments in other entities consist of the following as of June 30, 2021:

		2021	2020
3706 San Pablo Emeryville, LP	.01% General	$ 2,021,490	$ 1,999,956
Core Markham I, LLC	21% Member	60	97
Don de Dios, LP	.009% General	(7,803,838)	(7,803,779)
Dublin Transit Site A2, LP	.01% General	1,308,843	1,308,909
EAH Gateway Santa Clara, LP	70% Limited	(6,319)	-
EAH Park Place, LP	.01% General	(14,892,208)	(14,755,947)
Ecumenical Housing Corporation	100% Owner	2,594,974	2,530,601
Fellowship Plaza EAH, LLC	50% Member	(970)	(124)
Hilarita Belvedere, LP	51% General	9,844,726	9,917,636
Larkspur Isle, LTD	99% Limited	571,364	536,932
Magnolia Place, LP	.01% General	100	100
Orchards Morgan Hill, LP	.01% General	(133)	(17)
Palm Court San Jose, LP	.0001% General	(6,044,814)	(5,875,184)

SCHEDULE OF INVESTMENTS (Continued)

		2021	2020
Pelican Way, LLC	100% Owner	$ 4,091,086	$ 3,795,659
Piper Court Farifax, LP	.01% General	(2,895,330)	(2,895,284)
Pointe on Vermont, LP	.075% General	75	75
Riverfield Homes	10% Limited	(1,487)	-
San Clemente Housing Partners	.01% General	1,799,753	1,799,820
Sola at 87th, LP	.01% General	(241)	-
Sonoma Creekside, LP	10% Limited	-	-
South Winery Associates, LP	1% Limited	805	13
Stonebridge Housing, LLC	50% Member	1,189,704	1,189,275
Story Plaza, LP	70% Limited	(7,079)	-
Summer Park Fresno, LP	.01% General	(9,231,990)	(9,168,151)
Three Oaks Housing, LP	1% Limited	-	-
Turina Associates	99.9% Limited	162,451	77,176
Vista Park I, LP	.0001% General	(5,611,300)	(5,450,322)
Vista Park Associates, I	.05% Limited	18,809	18,580
Vista Park Associates, II	.05% Limited	23,445	23,224
HPIEx		245,100	245,100
Total investments in other companies		$ (22,622,924)	$ (22,505,655)

SCHEDULE OF NOTES PAYABLE

Notes payable are secured by a deed of trust on the property unless otherwise noted and are summarized as follows:

	2021	2020
PPP Loan Unsecured note payable to City National Bank, N.A. in the original amount of $6,144,212, funded under the Payroll Protection Program established by the Coronavirus Aid Relief, and Economic Security (CARES) Act. The loan is subject to a note dated May 2, 2020 and may be forgiven to the extent proceeds of the loan are used for eligible expenditures such as payroll and other expenses described in the CARES Act. The loan bears interest at a rate of 1% and is payable in monthly installments of principal and interest over twenty-four months beginning six months from the date of the note. The loan may be prepaid at any time with no prepayment penalty. During the year ended June 30, 2020, EAH made a principal payment in the amount of $4,192,213. During the year ended June 30, 2021 the outstanding balance of the loan was forgiven.	$ -	$ 1,949,999
Note payable for Avena Bella Note payable to JPMorgan Bank and Trust Company, N.A. under the Federal Home Loan Bank of San Francisco's Affordable Housing Program (AHP), is non-interest bearing. Payments are deferred for 15 years. Principal is due in full in the year 2029 unless no default occurred, then no payment will be required.	1,000,000	1,000,000

SCHEDULE OF NOTES PAYABLE (Continued)

	2021	2020
Note payable for Imperial Senior Note payable to the City of Imperial in the amount of $500,000, is unsecured and non-interest bearing. Upon acquisition of the site, the balance of the loan will be rolled into a deferred loan.	$ 916,828	$ 586,168
Note payable for 1901 Broadway Note payable to Century Housing Corporation in the amount of $5,600,000, bears interest at 6.25%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or February 2022 with two optional 6 month extensions to February 2023.	5,333,595	-
Note payable for 4507 Main Street Note payable to Supportive Housing Solutions Fund, LLC in the amount of $4,773,000, bears interest at 6%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or October 2021, with one optional 6 month extensions to April 2022.	3,992,189	3,704,597
Note payable for Detroit West Hollywood Note payable to the City of West Hollywood in the amount of $4,895,000, bears interest at 3%. Payments are deferred. Principal and interest is due on full in December 2073. As of June 30, 2021 and 2020, accrued interest totaled $25,291 and $-0-, respectively.	4,895,000	-
Note payable for Greenfield Commons Note payable to Local Initiative Support Corporation in the amount of $3,800,000, bears interest at 5.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing.	3,809,560	3,589,692
Note payable for Lake Park Note payable to Century Housing Corporation in the amount of $4,500,000, bears interest at a variable rate equal to the one-month LIBOR plus 4.5% with a floor rate of 6.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or April 2021.	-	4,500,000
Note payable for Lake Park Note payable to the Housing Authority of the City of in the amount of $1,289,050 is non-interest bearing. Payments are deferred Principal is due in full on the earlier of construction/permanent financing or June 2023.	1,289,050	-

SCHEDULE OF NOTES PAYABLE (Continued)

	2021	2020
Note payable for Laurel EAH		
Note payable to the City of Santa Monica in the amount of $8,300,000, is non-interest bearing. Payments are deferred for 24 months with optional extensions of 18 months and 12 months. Principal is due in full in May 2021 unless extended to November 2023.	$ 7,594,294	$ 7,000,000
Note payable for Martel EAH		
Note payable to the City of West Hollywood in the amount of $6,445,000, bears interest at 3%. Payments are deferred. Principal and interest is due on full in June 2025. As of June 30, 2021 and 2020, accrued interest totaled $25,291 and $-0-, respectively.	6,445,000	-
Note payable for Mission Paradise		
Note payable to Century Housing Corporation in the amount of $6,000,000, bears interest at a variable rate equal to the one-month LIBOR plus 4.5% with a floor rate of 6.5%. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or July 2021.	6,000,000	6,000,000
Note payable to the City of Hayward in the amount of $800,000, bears interest at 3%. Annual payments are due from residual receipts. Principal and interest is due on full in December 2073. As of June 30, 2021 and 2020, accrued interest totaled $59,310 and $35,310, respectively.	800,000	800,000
Note payable for Pointe on La Brea		
Note payable to Corporation for Supportive Housing, in the amount of $7,555,000, bears interest at 6%, and is secured by a deed of trust on the property. Monthly payments of interest only shall be paid from the interest reserve fund. Principal is due in full on the earlier of construction/permanent financing or December 2020, with one optional 6 month extension to June 2021.	7,192,450	7,000,000
Advance payable for Sola at 87th		
Unsecured advance from Innovative Housing Opportunities in the amount of $150,000 is noninterest bearing.	150,000	-
Total notes payable	49,417,966	36,130,456
Less: debt issuance costs	(606,429)	(828,936)
Total notes payable, net	$ 48,811,537	$ 35,301,520

EAH INC. AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2021

Federal Grantor/Pass-thro Grantor/Program Title	Federal CFDA Number	Agency or Pass-Through Number	Federal Expenditures
Department of Treasury			
Community Development Financial Institutions Fund			
Pass-through:			
Local Initiatives Support Corporation	21.020	N/A	$ 3,800,000
Subtotal CFDA #	21.020		$ 3,800,000
(Total CDFI Cluster)			
Department of Housing and Urban Development			
Community Development Block Grant Program			
Pass-through:			
City of Fairfield	14.218	Unknown	$ 525,000
City of Hayward	14.218	Unknown	$ 800,000
Subtotal CFDA #	14.218		$ 1,325,000
(Total CDBG - Entitlement Grants Cluster)			
Total Federal Expenditures			$ 5,125,000

See accompanying notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

NOTE A - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of EAH Inc. and Affiliates and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S.*Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of EAH Inc. and Affiliates, it is not intended to and does not present the financial position, changes in net assets, or cash flows of EAH Inc. and Affiliates.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principals contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. EAH Inc. and Affiliates has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE C – OUTSTANDING LOAN BALANCES

The loan balances outstanding at the end of the year are as follows:

Community Development Financial Institutions Fund	
Local Initiatives Support Corporation	$ 3,800,000
Community Development Block Grant Program Loans	
City of Hayward	$ 800,000

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

To the Board of Directors
EAH Inc. and Affiliates

We have audited, 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, the combined financial statements of EAH Inc. and Affiliates, a California nonprofit public benefit corporation, and Subsidiaries which comprise the combined statement of financial position as of June 30, 2021, and the related combined statement of activities, functional expenses, and cash flows for the year then ended, and the related notes to the combined financial statement, and have issued our report thereon dated December 16, 2021.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

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

Purpose of this Report

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

Spiteri, Narasky & Daly LLP

Lafayette, California
December 16, 2021

SPITERI, NARASKY & DALEY, LLP
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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Directors
EAH Inc. and Affiliates

Report on Compliance for Each Major Program

We have audited EAH Inc. and Affiliates' compliance with the types of compliance requirements described in the *OMB Compliance Supplement*, that could have a direct and material effect on each of EAH Inc. and Affiliates' major federal programs for the year ended June 30, 2021. EAH Inc. and Affiliates' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility for Compliance

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of EAH Inc. and Affiliates' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about EAH Inc. and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of EAH Inc. and Affiliates' compliance.

Opinion on Each Major Federal Program

In our opinion, EAH Inc. and Affiliates complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Spiteri, Narasky & Daly LLP

Lafayette, California
December 16, 2021

EAH INC. AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2021

SECTION I - SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued	Unmodified
Internal control over financing reporting:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Noncompliance material to financial statements	No

Federal Awards

Internal control over major programs:	
Material weakness(es) identified	No
Significant deficiency(ies) identified	None reported
Type of auditor's report issued on compliance for major programs	Unmodified
Audit findings disclosed that are required to be reported in accordance with 2 CFR Section 200.516(a)	No

Identification of major programs
CFDA# 14.218 - Community Development Block Grant Program
CFDA# 21.020 - Community Development Financial Institutions Fund

Dollar threshold used to distinguish between type A and type B programs	$750,000
Auditee qualified as low-risk auditee	Yes

SECTION II - FINANCIAL STATEMENT FINDINGS

No findings reported.

SECTION III - FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No findings reported.

EAH Housing Core Values

Passion:

For our mission, our work, our residents, and our communities.

Ethics:

- In our culture from one generation of employees to the next.
- In our relationships with partners, contractors and vendors.
- In our reputation with lenders, donors and public servants.

Ambition:

- To fulfill our common vision by building excellent affordable housing.
- To serve a critical need in society today.
- To create social justice.

Collaboration:

With respect, integrity, openness, and encouragement in our team efforts.

Excellence:

- Developing and managing each property to ensure financial integrity, permanent affordability and architectural designs that enhance neighborhoods: EAH Housing communities are built to last.
- Each property is a source of pride and a testament to the dedication, creativity and talents of the whole team.
- Ensuring a high quality of life for our residents, a roof is just the beginning.

www.EAHHousing.org
Offices: San Rafael, Morgan Hill, Fresno, Los Angeles, Honolulu
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