

**EDEN HOUSING, INC.
AND AFFILIATES**

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

YEARS ENDED JUNE 30, 2009 AND 2008

EDEN HOUSING, INC. AND AFFILIATES
COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

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Board of Directors
Eden Housing, Inc. and Affiliates
Hayward, California

JAMES M. KRAFT
S. SCOTT SEAMANDS
MARK O. BRITTAIN
ALEXIS H. WONG
CHARLOTTE SIEW-KUN TAY

CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying combined statements of financial position of Eden Housing, Inc., a California nonprofit public benefit corporation, and Affiliates as of June 30, 2009 and 2008, respectively, and the related combined statements of activities and cash flows for the years then ended. These combined financial statements are the responsibility of Eden Housing, Inc. and Affiliates' management. Our responsibility is to express an opinion on these combined financial statements based on our audits. In addition, we did not audit the financial statements of certain limited partnerships, and all single purpose asset nonprofit corporations in which Eden Housing, Inc. can exercise control in the form of either general partnership interests or majority board control. The total assets of these entities comprise 37% and 44% of the total assets of Eden Housing, Inc. and Affiliates as of June 30, 2009 and 2008, respectively, and 37% and 42% of the support and revenue of Eden Housing, Inc. and Affiliates for the years ended June 30, 2009 and 2008, respectively. The financial statements of these entities were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the information included for these entities, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of Eden Housing, Inc. and Affiliates' internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of the other auditors, the combined financial statements referred to above present fairly, in all material respects, the financial position of Eden Housing, Inc. and Affiliates as of June 30, 2009 and 2008, and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 2, 2009 on our consideration of Eden Housing, 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* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The accompanying supplementary information on pages 23 through 40, is presented for purposes of additional analysis and is not a required part of the combined financial statements. Such information has been subjected to the auditing procedures applied in the audit of the combined financial statements and, in our opinion, is fairly stated in all material respects in relation to the combined financial statements taken as a whole.

Lindquist, von Husen and Joyce LLP

December 2, 2009

EDEN HOUSING, INC. AND AFFILIATES
 COMBINED STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 9,779,273	\$ 7,245,591
Restricted cash and deposits – current portion (Note 5)	3,800,846	3,027,162
Accounts receivable – net (Note 3)	1,536,551	902,536
Notes receivable – net (Note 7)	-	1,771,001
Inclusionary housing fee receivables (Note 4)	-	1,300,000
Prepaid expenses and deposits	831,639	453,623
Total current assets	15,948,309	14,699,913
Restricted cash and deposits – net of current portion (Note 5)	17,001,889	13,347,715
Investments (Note 6)	1,241,400	921,268
Accounts receivable, net – net of current portion (Note 3)	667,506	565,789
Notes receivable, net – net of current portion (Note 7)	201,809	185,550
Development in progress (Note 8)	21,449,238	15,399,342
Property and equipment – net (Note 9)	410,037,746	365,011,076
Deferred costs – net (Note 10)	5,248,792	5,489,537
Other investments	28,710	18,025
Total assets	\$ 471,825,399	\$ 415,638,215
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,864,282	\$ 2,716,618
Other liabilities	2,635,847	1,284,212
Interest payable – current portion (Note 12)	546,840	478,321
Notes payable – current portion (Note 12)	3,600,555	5,729,996
Total current liabilities	10,647,524	10,209,147
Deferred revenues (Note 13)	7,912,965	7,298,708
Security and other deposits	1,987,881	1,807,883
Line of credit (Note 11)	695,652	1,343,096
Interest payable – net of current portion (Note 12)	31,467,937	28,320,819
Notes payable – net of current portion (Note 12)	316,126,381	272,559,504
Payable to city of Hayward (Note 14)	217,358	217,358
Total liabilities	369,055,698	321,756,515
Net assets:		
Unrestricted:		
Controlling interests	15,204,771	19,303,650
Non-controlling interests	87,497,934	74,498,899
Total unrestricted	102,702,705	93,802,549
Temporarily restricted (Note 15)	66,996	79,151
Total net assets	102,769,701	93,881,700
Total liabilities and net assets	\$ 471,825,399	\$ 415,638,215

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

EDEN HOUSING, INC. AND AFFILIATES
 COMBINED STATEMENTS OF ACTIVITIES
 YEARS ENDED JUNE 30, 2009 AND 2008

	2009			2008		
	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>	<i>Unrestricted</i>	<i>Temporarily Restricted</i>	<i>Total</i>
Support and revenue:						
Rental income – owned properties	\$ 30,666,899	\$ -	\$ 30,666,899	\$ 27,836,197	\$ -	\$ 27,836,197
Partnership management service contracts	144,692	-	144,692	137,930	-	137,930
Deferred ground leases	-	-	-	19,628	-	19,628
Property management fee	215,481	-	215,481	43,948	-	43,948
Accounting fee	32,223	-	32,223	15,005	-	15,005
Contributions	1,439,990	52,665	1,492,655	351,387	64,270	415,657
Interest and investment income	565,162	-	565,162	722,780	-	722,780
Net realized and unrealized loss on investments	(66,313)	-	(66,313)	(47,658)	-	(47,658)
Income from investment in partnerships and other companies	-	-	-	(20,051)	-	(20,051)
Other income	1,719,476	-	1,719,476	3,361,777	-	3,361,777
Net assets released from restrictions (Note 15)	64,820	(64,820)	-	71,579	(71,579)	-
Total support and revenue	<u>34,782,430</u>	<u>(12,155)</u>	<u>34,770,275</u>	<u>32,492,522</u>	<u>(7,309)</u>	<u>32,485,213</u>
Expenses:						
Program services	42,271,609	-	42,271,609	38,725,281	-	38,725,281
Management and general	892,588	-	892,588	624,852	-	624,852
Other	437,330	-	437,330	807,423	-	807,423
Total expenses	<u>43,601,527</u>	<u>-</u>	<u>43,601,527</u>	<u>40,157,556</u>	<u>-</u>	<u>40,157,556</u>
Changes in net assets	(8,819,097)	(12,155)	(8,831,252)	(7,665,034)	(7,309)	(7,672,343)
Net assets, beginning of year	93,802,549	79,151	93,881,700	71,454,137	86,460	71,540,597
Capital contributions – non-controlling interest	17,719,253	-	17,719,253	30,013,446	-	30,013,446
Net assets, end of year	<u>\$ 102,702,705</u>	<u>\$ 66,996</u>	<u>\$ 102,769,701</u>	<u>\$ 93,802,549</u>	<u>\$ 79,151</u>	<u>\$ 93,881,700</u>

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

EDEN HOUSING, INC. AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Cash flows from operating activities:		
Change in net assets	\$ (8,831,252)	\$ (7,672,343)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	12,520,544	10,936,680
Net realized and unrealized loss on investments	66,313	47,658
Gain on sale of property and equipment	(242,042)	(1,012,851)
Loss from investment in partnerships and other companies	-	20,051
(Increase) decrease in assets:		
Accounts receivable	(260,732)	1,790,365
Grant receivables	(475,000)	24,291
Inclusionary housing fee receivables	1,300,000	500,000
Prepaid expenses and other receivables	(378,016)	(9,580)
Tenant security deposits	2,532	30,356
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(240,470)	(157,547)
Deferred revenue	614,257	1,280,081
Tenant security deposits	179,998	236,214
Interest payable	3,215,637	5,099,079
Other liabilities	1,351,635	1,036,578
Net cash provided by operating activities	8,823,404	12,149,032
Cash flows from investing activities:		
Net increase in restricted cash	(4,029,011)	(3,388,270)
Net increase in investments	(397,130)	(489,427)
Net increase (decrease) in notes receivable	1,754,742	(296,948)
Net increase in development in progress	(14,666,643)	(4,886,166)
Payment of deferred costs	(321,910)	(345,050)
Purchase of property and equipment	(42,057,822)	(78,491,457)
Proceeds from sale of property and equipment	581,176	-
Net cash used in investing activities	(59,136,598)	(87,897,318)
Cash flows from financing activities:		
Proceeds from (payment of) line of credit	(647,444)	662,907
Capital contributions – non-controlling interest	5,652,463	30,013,446
Principal repayments – mortgages	(18,521,340)	(8,116,763)
Proceeds from long-term debt	66,363,197	52,395,079
Net cash provided by financing activities	52,846,876	74,954,669
Net increase (decrease) in cash and cash equivalents	2,533,682	(793,617)
Cash and cash equivalents, beginning of year	7,245,591	8,039,208
Cash and cash equivalents, end of year	\$ 9,779,273	\$ 7,245,591

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

EDEN HOUSING, INC. AND AFFILIATES
 COMBINED STATEMENTS OF CASH FLOWS
 YEARS ENDED JUNE 30, 2009 AND 2008

	2009	2008
Supplementary information:		
Cash paid for interest (net of capitalized interest)	\$ 7,884,318	\$ 6,635,955
Noncash investing and financing activities:		
Property and equipment acquired with short-term debt	\$ 1,287,387	\$ 435,942
Property and equipment acquired with long-term debt	\$ 3,600,000	\$ -
Assets acquired through funding of capital contribution	\$ 1,399,020	\$ -
Liabilities paid from capital contributions	\$ 10,667,770	\$ -

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

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

Eden Housing, Inc. (EHI) was formed as a California nonprofit public benefit corporation in 1968. Its mission is to build and maintain high-quality, well-managed, service-enhanced affordable housing communities that meet the needs of lower income families, seniors and persons with disabilities. Affordable housing includes multi-family rental housing, co-ops, supportive housing and first-time homeownership housing.

In addition, EHI owns real properties located in Hayward, California, which provides housing for low- and moderate-income individuals and families. These real properties are included in these financial statements as directly owned properties.

EHI is also affiliated with and under common board control with other not-for-profit corporations which have been formed either as supporting entities to EHI, or as instruments to further EHI's organizational objectives. These entities, which are included in the combined financial statements of EHI in accordance with Statement of Position (SOP) 94-3, *Reporting of Related Entities by Not-for-Profit Organizations*, issued by the American Institute of Certified Public Accountants (AICPA), and partnerships which are consolidated in accordance with Emerging Issues Task Force (EITF) Issue No. 04-5, *Determining Whether a General Partner, or the General Partners as a Group, Controls a Limited Partnership or Similar Entity When the Limited Partners Have Certain Rights*, issued by Financial Accounting Standards Board (FASB), are:

- Eden Housing Management, Inc. (EHMI), which provides property management services in connection with the operations of affordable housing and elderly housing projects .
- Eden Housing Resident Services, Inc. (EHRSI), which develops and supports viable social services to the projects' residents.
- Single-purpose not-for-profit corporations and single member limited liability companies (LLC's) holding a controlling general partner interest (ranging from .01% to 1%) in their respective low income housing tax credit (LIHTC) limited partnerships providing affordable housing:

<u>Not-For-Profit Corporations and LLC's</u>	<u>Limited Partnership(s)</u>
Antioch Eden Rivertown, LLC	Antioch Eden Rivertown, L.P.
Ashland Village, LLC	Ashland Village Apartments, L.P.
Baywood Apartments, Inc.	Baywood Associates
	Huntwood Commons Associates
	Livermore Housing Associates
Brentwood Senior Housing, LLC	Brentwood Senior Commons, L.P.
Catalonia, Inc.	Catalonia Associates
Chynoweth Housing, Inc.	Chynoweth Housing Associates
Corona-Ely Ranch, Inc	Corona-Ely Ranch Associates
Downtown River LLC	Downtown River Associates, L.P.
Dublin Senior LLC	Dublin Senior Limited Partnership
Eden Development, Inc.	Estabrook Senior Housing, L.P.
Eden Baywood Apartments, LLC	Eden Baywood Apartments, L.P.
Eden Investments, Inc.	C.G.A. Associates
	Union Court Limited Partnership
	Eden Rivertown Limited Partnership
	Eden Victoria Limited Partnership
	Palo Alto Family, L.P.
Eden Palms, Inc.	Eden Palms Associates
Eden-Sycamore, LLC	Eden Sycamore, L.P.
Ellis Lake Townhomes, Inc.	Harris Court Associates
	Riverhouse Associates

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

<u>Not-For-Profit Corporations and LLC's</u>	<u>Limited Partnership(s)</u>
Glen Berry, Inc.	Berry Avenue Associates
Grand C, LLC	Grand/C Limited Partnership
Healdsburg Family, LLC	Healdsburg Family, L.P.
California Preservation, Inc.	Josephine Lum Lodge, L.P.
Peralta Seniors, LLC	Peralta Seniors, L.P.
RVC Investments, Inc.	Ridgeview Commons Associates
Saklan Avenue LLC	Saklan Avenue Limited Partnership
Sara Conner Court, LLC	Sara Conner Court, L.P.
SPM Affordable Housing Corporation	SPM Housing Associates
Stoney, Inc.	Stoney Creek Associates
Virginia Lane Housing, Inc.	Virginia Lane Limited Partnership
Washington Creek, Inc.	Washington Creek Associates
Warner Creek Senior Housing, LLC	Warner Creek Senior Housing, L.P.
Villa Springs, LLC	Villa Springs Apartments, L.P.

- Single purpose not-for-profit corporations that are direct owners of affordable housing properties that are U.S. Department of Housing and Urban Development (HUD) projects:

<u>Corporation</u>	<u>Property Name</u>
Central Valley Senior Housing Corporation	Almond Court
CDLA, Inc.	Casa De Los Amigos
Contra Costa County Housing Corporation	Emerson Arms
Eden Alvarado Niles, Inc.	Rosewood Terrace
Eden Issei Housing, Inc.	Eden Issei
Eden Lodge, Inc.	Eden Lodge
Gardella Plaza, Inc.	Gardella Apartments
Irvington Homes Inc.	
Josephine Lum Lodge, Inc.	Josephine Lum Lodge
Manteca Senior Housing Corporation	Almond Terrace
Monterey Road Supportive Housing	Edenvale
Pacific Grove Supportive Housing, Inc.	Pacific Grove
Peace Grove, Inc.	Kirker Court
Redwood Lodge, Inc.	Redwood Lodge
San Leandro Supportive Housing, Inc.	Fuller Gardens
Sequoia Manor, Inc.	Sequoia Manor
Sycamore Square Housing Corporation	Sycamore Square
UC Independent, Inc.	Wisteria Plaza

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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- Other corporations:

Corporation	Property Name
396 Fairmount, Inc.	Laulima House for Women & Children
Chynoweth Commons Commercial Inc.	

- EHI also holds a limited partner interest (ranging from 99% to 99.99%) in certain limited partnerships providing affordable housing, namely Baywood Associates, Huntwood Commons Associates and C.G.A. Associates.
- The combined financial statements do not include single-purpose not-for-profit corporations holding a general partner interest (ranging from .01% to 1%) in their respective limited partnerships providing affordable housing for which EHI's officers and/or board are deemed not to have majority control, namely:

Not-For-Profit Corporation	Limited Partnership(s)
San Pablo Renaissance, Inc.	San Pablo Hotel Associates

- The combined financial statements do not include certain single-purpose not-for-profit corporations and LLC's where Eden is a co-general partner (50%) in their respective limited partnerships providing affordable housing for which EHI's officers and/or board are deemed not to have control, namely:

Not-For-Profit Corporation and LLC's	Limited Partnership(s)
Chesley Avenue LLC	Chesley Avenue, L.P.
Corona Crescent, Inc.	Parkside Glen, L.P.
EC Magnolia, Inc.	EC Magnolia
Eden Housing, Inc.	Hillview Glen Housing Partners, L.P.
Eden Issei Housing, Inc.	Eden Issei
Fuller Lodge, Inc.	Fuller Lodge
North Richmond Commercial, Inc.	North Richmond Commercial
North Richmond Senior Housing, Inc.	Community Heritage
Nugent Square, LLC	Nugent Square Partners, L.P.
Olive Tree Plaza, Inc.	Olive Tree Plaza

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Combination

Not-for-Profit Corporations

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

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

Limited Partnerships

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

The partnership interests generally range from .01% to 1.0% with the remainder of the partnership's equity held by a limited partner and shown as non-controlling interests in unrestricted net assets.

Basis of Presentation

The combined financial statements are presented in accordance with Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, financial statements are presented on the basis of unrestricted, temporarily restricted and permanently restricted net assets predicated on the existence of donor-imposed restrictions.

Unrestricted

Unrestricted net assets consist of all resources of EHI which have not been specifically restricted by a donor.

Temporarily Restricted

Temporarily restricted net assets consist of cash and other assets received with donor stipulations that limit their use. Donor restrictions are stipulated by either a time restriction or a purpose restriction. Upon expiration of a time restriction or completion of a purpose restriction, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Cash and Cash Equivalents

EHI and affiliates consider all highly liquid debt instruments purchased with an original maturity of one year or less to be cash equivalents. EHI has designated certain cash and cash equivalents for the development of affordable homes and for operating and replacement reserves at the properties. Not included as cash equivalents are funds restricted as to their use such as reserves for replacements, operations and tenant security deposits. EHI and affiliates maintain cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance, including the restricted cash, was approximately \$6,000,000 as of June 30, 2009. EHI and affiliates have not experienced any losses in such accounts.

Restricted Cash

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

Investments

EHI adopted the provisions of SFAS No. 157, *Fair Value Measurements*, effective January 1, 2008. Under SFAS No. 157, 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.

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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SFAS No. 157 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 EHI. Unobservable inputs, if any, reflects EHI's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The fair value hierarchy is categorized into three levels based on the inputs as follows:

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

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

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

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

Other Investments

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

Revenue Recognition

Contributions

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as unrestricted support, temporarily restricted support, or permanently restricted support, 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), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If donors' restrictions are satisfied in the same period that the contribution is received, the contribution is reported as unrestricted support.

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Rental Income

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

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

Development Fees

Developer fees for development of multi-family rental projects that are in development or under construction are recognized under the percentage-of-completion method. Developer fees for projects that are in the predevelopment or preconstruction stage, are recognized as revenue on the cash basis of accounting.

For certain projects which total fee during development is reduced due to potential unforeseen events, developer fees are recognized up to a total amount reasonably estimated when the events occur.

Development fees recognized from combined affiliates or consolidated subsidiaries are eliminated as intercompany transactions. EHI estimates that 70% 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 30% profit portion of the development fees are considered as deferred revenue and amortized annually to offset the depreciation expense related to the fee capitalized as real property costs (see Note 13).

Management Revenue and Related Accounts

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

Allowances for Uncollectible Accounts

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

Management elects to record bad debts using the direct write-off method related to rents for the housing properties. Accounting principles generally accepted in the United States of America require 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 have been obtained had the allowance method been followed.

Developments in Progress

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

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

Developments in progress include cost 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.

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

Property and Equipment and Deferred Costs

Property and equipment are stated at cost of acquisition or construction, or fair value if donated. Depreciation is computed using the straight-line method over the estimated useful lives of the assets. Maintenance, repair, and renewals, which neither materially add to the value of the property nor appreciably prolong its life, are charged to expense as incurred.

Deferred costs are incurred in order to obtain permanent financing and tax credits for the properties. Deferred costs are stated at cost and amortized on a straight-line basis. Organization costs are expensed as incurred.

The useful lives of the assets are estimated as follows:

Buildings and improvements	20 to 40 years
Furniture, fixtures and equipment	5 to 10 years
Tax credit costs	10 years
Permanent loan costs	15 to 55 years

In accordance with Statement of Financial Accounting Standards (SFAS) No. 144, *Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to Be Disposed of*, EHI and affiliates review its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2009 and 2008.

Land

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

Use of Estimates

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

Fair Value of Financial Instruments

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 and notes payable because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms.

Income Taxes

EHI and the other not-for-profit corporations are tax-exempt pursuant to the Internal Revenue Code Section 501(c)(3) and related California code sections. The income or loss from the partnerships is reported by the partners on their income tax returns.

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

Guarantees

EHI has adopted Financial Accounting Standards Board Interpretation No 45 (FIN 45) – *Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Direct Guarantees of Others*. FIN 45 requires 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 17).

Allocation of Partnership Income/Loss and Tax Credits

The affiliated partnerships are generally expected to generate low-income housing credits, which will be allocated in the same manner as the income or loss of each partnership. Because the limited partners’ losses are limited to their investments, the limited partners’ equity will not be reduced below zero unless future capital contributions will be made in an amount sufficient to absorb the losses. All remaining losses are allocated to the general partners.

Related-party Transactions

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

Functional Expenses

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

NOTE 3 – ACCOUNTS RECEIVABLE

Accounts receivable at June 30, 2009 and 2008 consist of the following:

	<u>2009</u>	<u>2008</u>
Tenant and rent subsidy	\$ 632,421	\$ 518,051
Management and consulting fees	295,848	303,482
Developer fee	164,180	122,505
Grants	727,677	57,500
Other	396,509	493,787
	<u>2,216,635</u>	<u>1,495,325</u>
Less: allowance for uncollectible accounts	(12,578)	(27,000)
Total	2,204,057	1,468,325
Less: current portion	<u>(1,536,551)</u>	<u>(902,536)</u>
Non-current portion	<u>\$ 667,506</u>	<u>\$ 565,789</u>

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 4 – INCLUSIONARY HOUSING FEE RECEIVABLE

Inclusionary housing programs are designed to increase the supply of affordable housing by requiring commercial developers to either make a percentage of housing units in new residential developments available to low and moderate-income households, or to provide a monetary subsidy (fee) to affordable housing developers to be used in project specific affordable housing developments. This subsidy is generally recognized as income when earned. As of June 30, 2009 and 2008, respectively, the receivable balance related to Saklan Avenue Limited Partnership was \$0 and \$1,300,000, respectively.

NOTE 5 – RESTRICTED CASH AND DEPOSITS

Restricted cash and deposits as of June 30, 2009 and 2008 consist of the following:

	2009	2008
Operating reserves	\$ 3,000,467	\$ 2,929,688
Replacement reserves	8,767,557	6,930,708
Tenant security deposits	2,205,749	1,959,507
Services reserves	1,209,820	1,001,077
Impounds	1,144,667	922,000
Refinancing reserves	98,700	473,228
Residual receipts	2,431,174	1,555,725
Other	1,944,601	602,944
Total	20,802,735	16,374,877
Less: current portion	(3,800,846)	(3,027,162)
Long-term portion	\$ 17,001,889	\$ 13,347,715

Operating and Replacement Reserves

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

Tenant Security Deposits

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

Services Reserves

EHI and affiliates are required to maintain services reserves in accordance with partnership and other lenders' regulatory agreements.

Impounds

Certain affiliates are required to make deposits to debt service accounts to cover mortgage payments or to impound accounts to cover property tax and insurance premiums in accordance with the lenders' regulatory agreements.

Refinancing Reserves

EHI and affiliates are required to maintain refinancing reserves in accordance with partnership and other lenders' regulatory agreements.

EDEN HOUSING, INC. AND AFFILIATES
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Residual Receipts

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

NOTE 6 – INVESTMENTS

The following table presents information about EHI’s investments measured at fair value on a recurring basis as of June 30, 2009 and 2008, and indicates the fair value hierarchy of the valuation techniques utilized to determine the fair values:

	2009		2008	
	Cost	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>	Cost	<i>Quoted Prices in Active Markets for Identical Assets (Level 1)</i>
Common stocks	\$ 128,575	\$ 112,307	\$ 128,575	\$ 127,305
Corporate bonds	110,146	86,802	144,883	140,492
Mutual funds	1,081,091	1,042,291	661,035	653,471
	<u>\$ 1,319,812</u>	<u>\$ 1,241,400</u>	<u>\$ 934,493</u>	<u>\$ 921,268</u>

NOTE 7 – NOTES RECEIVABLE

Notes receivable are summarized as follows:

	2009	2008
Notes receivable from buyers of units in the La Solanita and La Solana projects, due only upon sale of the property to persons not qualifying as low-income families, with interest ranging from 8% to 10% per annum.	\$ 25,350	\$ 25,350
Notes receivable from buyers of units in the Tyrrell Gardens project, due only upon sale of the property to persons not qualifying as low-income families, with interest at 8% per annum (see Note 14).	60,200	60,200
Note receivable from Cal-Livermore, Inc., with interest at 5% per annum. Principal and interest repayable at some future date.	100,000	100,000
Note receivable from Richmond Community Redevelopment Agency, maximum amount \$1,778,219, unsecured, with interest at 8% per annum, requires interest only monthly payments commencing August 1, 2006, and due upon sale or transfer to another entity.	-	1,771,001
Other notes receivable	16,259	-
Total notes receivable	201,809	1,956,551
Less: current portion	-	(1,771,001)
Long-term portion	<u>\$ 201,809</u>	<u>\$ 185,550</u>

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

NOTE 8 – DEVELOPMENT IN PROGRESS

Development in progress consists of the following:

	<u>2009</u>	<u>2008</u>
Richmond Nursery	\$ 2,491,129	\$ 2,017,967
Lafayette	769,824	164,874
Arroyo Vista Housing	832,151	658,441
Ashland Village	3,959,530	736,202
Healdsburg	5,204,699	413,887
Palo Alto Family Housing	668,513	434,492
Fremont Senior Housing	1,006,195	214,987
Novato	620,082	134,044
Pittsburg – East Santa Fe	26,163	26,267
Refinancing costs (rehabilitation)	-	120,111
Estabrook Senior Housing	3,876,708	936,320
Huntwood Commons rehabilitation	1,000,565	882,423
Villa Springs rehabilitation	-	673,567
Central Valley Senior Housing	-	3,814,802
Monterey Road Supportive Housing	-	3,612,594
South Hayward BART	94,778	-
Ford Monterey	168,278	-
Corona Ranch	374,166	-
Other	356,457	558,364
	<u>\$ 21,449,238</u>	<u>\$ 15,399,342</u>

Total development in progress

NOTE 9 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	<u>2009</u>	<u>2008</u>
Land	\$ 63,943,796	\$ 38,182,631
Building and improvements	423,368,687	393,197,976
Furniture and equipment	7,565,995	6,743,047
	<u>494,878,478</u>	<u>438,123,654</u>
Less: accumulated depreciation	<u>(84,840,732)</u>	<u>(73,112,578)</u>
Total property and equipment	<u>\$ 410,037,746</u>	<u>\$ 365,011,076</u>

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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NOTE 10 – DEFERRED COSTS

Deferred costs are summarized as follows:

	<i>2009</i>	<i>2008</i>
Permanent loan costs	\$ 5,011,345	\$ 4,848,483
Tax credit fees	1,469,771	1,517,654
Other	433,661	650,185
	6,914,777	7,016,322
Less: accumulated amortization	(1,665,985)	(1,526,785)
Total	\$ 5,248,792	\$ 5,489,537

NOTE 11 – LINE OF CREDIT

EHI has a \$2,500,000 unsecured revolving line of credit with Wells Fargo Bank, of which \$695,652 and \$1,343,096 was outstanding at June 30, 2009 and 2008, respectively. Bank advances on the credit line are payable in full by May 1, 2010 (maturity date) and bear interest determined in relation to LIBOR that may be continued by EHI at the end of the Fixed Rate Term applicable thereto so that all or a portion thereof bear interest determined in relation to the Prime Rate or to LIBOR for a new Fixed Rate term designated. As a sub feature of the line of credit, the bank agrees to issue standby letters of credit, where requested, not to exceed the aggregate of \$1,500,000. Any amount of undrawn letters of credit shall proportionately reduce the amount available to borrow on the line of credit.

NOTE 12 – NOTES PAYABLE

Notes payable as of June 30, 2009 are generally secured by the respective properties and consist of the following:

	<i>2009</i>		<i>2008</i>	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Permanent loans, bearing interest from 5.25% to 9.55%, generally with principal and interest due monthly, to be repaid in full through 2040. Interest expense was \$5,038,209 and \$5,378,908 in 2009 and 2008, respectively.	\$ 378,240	\$ 75,022,111	\$ 377,778	\$ 77,614,938
Construction loans, bearing variable interest rates, generally with interest only payments due monthly, to be repaid in full or partially converted to permanent loans through 2010. ⁽¹⁾ Interest expense was \$515,174 and \$996,638 in 2009 and 2008, respectively.	-	19,344,301	-	21,467,180
Local loans, bearing interest from 1% to 5%, generally payable out of excess cash, to be repaid in full through 2061. Interest expense was \$2,656,227 and \$2,138,638 in 2009 and 2008, respectively.	18,116,090	96,030,369	16,632,457	76,275,388

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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	2009		2008	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Bond loans, bearing interest from 4.95% to 5.70%, generally with principal and interest paid monthly, to be repaid in full through 2039. Principal payments are generally accumulated in a principal fund held by a trustee. Interest expense was \$1,119,080 and \$1,123,439 in 2009 and 2008, respectively.	97,451	22,181,000	94,380	22,708,000
County loans, bearing interest from 3% to 4%, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2060. Interest expense was \$365,279 and \$563,267 in 2009 and 2008, respectively.	2,409,718	25,258,838	2,043,727	14,385,200
State loans, bearing from 3.00% to 5.73% interest, generally with principal and interest due annually out of excess cash in arrears, to be repaid in full through 2059. Interest expense was \$863,026 and \$965,303 in 2009 and 2008, respectively.	10,026,964	35,158,602	9,126,828	28,177,783
Federal loans, bearing no interest, with principal payments generally deferred through 2060, at which time all outstanding principal is due.	-	31,246,765	-	20,184,852
Other loans, bearing interest from 3.00% to 9.25%, generally with principal and interest due monthly, to be repaid in full through 2040. Interest expense was \$1,008,060 and \$567,833 in 2009 and 2008, respectively.	986,314	15,484,950	523,970	17,476,159
Total	32,014,777	319,726,936	28,799,140	278,289,500
Less: current portion	(546,840)	(3,600,555)	(478,321)	(5,729,996)
Long-term portion	\$ 31,467,937	\$ 316,126,381	\$ 28,320,819	\$ 272,559,504

(1) Principal payments for the next five years cannot be reasonably estimated since the financing for development in progress will be extended or repaid using funds from permanent lenders and limited partners.

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2009 AND 2008

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

<i>Year ended June 30</i>	<i>Principal Payments</i>
2010	\$ 3,600,555
2011	6,702,305
2012	3,045,352
2013	2,524,553
2014	2,644,143

NOTE 13 – DEFERRED REVENUE

Deferred revenue related to the 30% profit portion of EHI's development fees as of June 30, 2009 and 2008, was \$7,912,965 and \$7,298,708, respectively. In 2009 and 2008, amortization to offset the depreciation expense related to the fee capitalized as real property costs was \$222,845 and \$205,051, respectively. As of June 30, 2009 and 2008, respectively, the accumulated amortization related to the profit portion of development fee was approximately \$1,200,000 and \$996,000, respectively.

NOTE 14 – PAYABLE TO CITY OF HAYWARD

Funds due to the City of Hayward upon collection from homeowners are summarized as follows:

	<i>2009</i>	<i>2008</i>
Tyrrell Gardens (see Note 7)	\$ 60,200	\$ 60,200
Tyrrell Gardens	157,158	157,158
	\$ 217,358	\$ 217,358

NOTE 15 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are for the following purposes or periods:

	<i>2009</i>				
<i>June 30, 2008</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>		<i>Reclassifications</i>	<i>June 30, 2009</i>
Homework Club	\$ 13,328	\$ 16,415	\$ (20,214)	\$ -	\$ 9,529
Computer Lab	33,627	-	(19,988)	-	13,639
Financial literacy	32,196	36,250	(24,618)	-	43,828
Total	\$ 79,151	\$ 52,665	\$ (64,820)	\$ -	\$ 66,996

EDEN HOUSING, INC. AND AFFILIATES
NOTES TO COMBINED FINANCIAL STATEMENTS
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	2008				<i>June 30, 2008</i>
	<i>June 30, 2007</i>	<i>Contributions</i>	<i>Releases from Restrictions</i>	<i>Reclassifications</i>	
Summer Program	\$ 5,114	\$ 6,000	\$ (13,274)	\$ 2,160	\$ -
Homework Club	18,161	18,270	(23,103)	-	13,328
Computer Lab	45,489	20,000	(29,702)	(2,160)	33,627
Financial literacy	17,696	20,000	(5,500)	-	32,196
Total	\$ 86,460	\$ 64,270	\$ (71,579)	\$ -	\$ 79,151

NOTE 16 – EMPLOYEE BENEFIT PLANS

EHI established a 401(a) defined contribution pension plan effective July 1, 1992. Employees become eligible to participate in the plan after one year of service, are fully vested in three years and are not required to contribute to the plan. The contribution to the plan is determined on an annual basis by the board of directors. A maximum of 5% of covered wages could be contributed and \$232,769 and \$191,114 were contributed for the years ended June 30, 2009 and 2008, respectively.

EHI established a 401(k) profit sharing plan that was effective January 1, 1999. Employees become eligible to participate in the plan immediately on the first day of employment. Participants may contribute annually from 1% to 100% of their compensation, provided that maximum amount contributed is permitted by law. This plan is for employees' salary deferral only and EHI is not required to make contributions.

EHI also established a 403(b) defined contribution plan. This plan is for highly compensated employees' salary deferral and EHI is not required to make contributions.

NOTE 17 – COMMITMENTS AND CONTINGENCIES

EHI has provided loan and operating deficit guarantees as well as indemnifications with regard to tax benefits projected for its various affiliates and projects. EHI will be responsible for repaying a loan if, when the loan becomes due, the respective affiliate or project does not make payment on the loan. EHI will cover operating deficits as needed up to a stated limit. EHI does not require any collateral or other security from its affiliates and projects related to these guarantees. A reasonable estimate of the outstanding operating deficit guarantees at June 30, 2009 and 2008 amounted to approximately \$12,000,000 and \$10,000,000, respectively, and outstanding loan guarantees were approximately \$35,000,000 and \$57,000,000, respectively. In addition, EHI has guaranteed an aggregate amount in excess of approximately \$94,000,000 and \$80,000,000 to the limited investors for tax credits and other deductions for various affiliated limited partnerships as of June 30, 2009 and 2008, respectively. Management believes that the likelihood of funding a material amount of any of the guarantees is remote.

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

SUPPLEMENTARY INFORMATION

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2009 AND 2008

		2009									
		Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾	Subtotal	Eliminations	Total	
ASSETS											
Current assets:											
Cash and cash equivalents	\$	4,685,881	\$ 3,727,385	\$ 1,108,999	\$ 58,499	\$ 68,550	\$ 129,959	\$ 9,779,273	\$ -	\$ 9,779,273	
Restricted cash and deposits – current portion		-	3,291,737	509,109	-	-	-	3,800,846	-	3,800,846	
Receivables, net – current portion		4,864,630	705,675	189,799	-	14,651	131,452	5,906,207	(4,369,656)	1,536,551	
Notes receivable, net – current portion		238,281	-	-	-	-	-	238,281	(238,281)	-	
Prepaid expenses and deposits		199,683	529,432	99,539	2,985	-	-	831,639	-	831,639	
Total current assets		9,988,475	8,254,229	1,907,446	61,484	83,201	261,411	20,556,246	(4,607,937)	15,948,309	
Non-current assets:											
Restricted cash and deposits – net of current portion		139,456	10,805,073	5,943,063	-	114,297	-	17,001,889	-	17,001,889	
Investments		1,241,400	-	-	-	-	-	1,241,400	-	1,241,400	
Receivables, net – net of current portion		13,037,567	-	-	800,148	-	1,206,549	15,044,264	(14,376,758)	667,506	
Notes receivable, net – net of current portion		13,877,305	-	-	-	-	4,339,674	18,216,979	(18,015,170)	201,809	
Development in progress		4,745,380	16,703,858	-	-	-	-	21,449,238	-	21,449,238	
Property and equipment – net		10,029,025	347,883,395	51,984,878	2,324	8,950	129,174	410,037,746	-	410,037,746	
Deferred costs – net		4,909	5,116,103	127,780	-	-	-	5,248,792	-	5,248,792	
Other investments		617,005	-	-	-	-	97,037	714,042	(685,332)	28,710	
Total non-current assets		43,692,047	380,508,429	58,055,721	802,472	123,247	5,772,434	488,954,350	(33,077,260)	455,877,090	
Total assets	\$	53,680,522	\$ 388,762,658	\$ 59,963,167	\$ 863,956	\$ 206,448	\$ 6,033,845	\$ 509,510,596	\$ (37,685,197)	\$ 471,825,399	

⁽¹⁾ Includes entities that control certain housing property entities.

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2009 AND 2008

	2009								
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾	Subtotal	Eliminations	Total
LIABILITIES AND NET ASSETS									
Current liabilities:									
Accounts payable and accrued expenses	\$ 615,582	\$ 2,748,247	\$ 746,840	\$ 313,930	\$ 27,020	\$ 2,157	\$ 4,453,776	\$ (589,494)	\$ 3,864,282
Related-party payable – current portion	-	2,314,885	19,410	-	-	-	2,334,295	(2,334,295)	-
Other liabilities	-	851,241	13,576	-	-	15,967	880,784	1,755,063	2,635,847
Interest payable – current portion	82,997	373,904	89,939	-	-	-	546,840	-	546,840
Notes payable – current portion	1,332,331	1,839,390	428,835	703,249	-	-	4,303,805	(703,250)	3,600,555
Total current liabilities	2,030,910	8,127,667	1,298,600	1,017,179	27,020	18,124	12,519,500	(1,871,976)	10,647,524
Non-current liabilities:									
Related-party payable – net of current portion	1,400,251	9,530,495	-	-	-	4,615,670	15,546,416	(15,546,416)	-
Deferred revenues	91,036	-	-	-	-	-	91,036	7,821,929	7,912,965
Security and other deposits	7,513	1,778,356	181,152	-	-	20,860	1,987,881	-	1,987,881
Line of credit	695,652	-	-	-	-	-	695,652	-	695,652
Interest payable – net of current portion	1,979,741	30,671,588	2,456,160	-	-	-	35,107,489	(3,639,552)	31,467,937
Notes payable – net of current portion	13,060,561	257,041,914	60,039,239	-	-	2,370,393	332,512,107	(16,385,726)	316,126,381
Payable to city of Hayward	217,358	-	-	-	-	-	217,358	-	217,358
	17,452,112	299,022,353	62,676,551	-	-	7,006,923	386,157,939	(27,749,765)	358,408,174
Total liabilities	19,483,022	307,150,020	63,975,151	1,017,179	27,020	7,025,047	398,677,439	(29,621,741)	369,055,698
Net assets:									
Unrestricted:									
Controlling interests	34,197,500	(4,627,670)	(4,011,984)	(153,223)	112,432	(991,202)	24,525,853	(9,321,082)	15,204,771
Non-controlling interests	-	86,240,308	-	-	-	-	86,240,308	1,257,626	87,497,934
Total unrestricted	34,197,500	81,612,638	(4,011,984)	(153,223)	112,432	(991,202)	110,766,161	(8,063,456)	102,702,705
Temporarily restricted	-	-	-	-	66,996	-	66,996	-	66,996
Total net assets	34,197,500	81,612,638	(4,011,984)	(153,223)	179,428	(991,202)	110,833,157	(8,063,456)	102,769,701
Total liabilities and net assets	\$ 53,680,522	\$ 388,762,658	\$ 59,963,167	\$ 863,956	\$ 206,448	\$ 6,033,845	\$ 509,510,596	\$ (37,685,197)	\$ 471,825,399

⁽¹⁾ Includes entities that control certain housing property entities.

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2009 AND 2008

	2008								
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾	Subtotal	Eliminations	Total
ASSETS									
Current assets:									
Cash and cash equivalents	\$ 2,972,272	\$ 2,832,847	\$ 1,141,693	\$ 68,359	\$ 199,336	\$ 31,084	\$ 7,245,591	\$ -	\$ 7,245,591
Restricted cash and deposits – current portion	-	2,250,080	777,082	-	-	-	3,027,162	-	3,027,162
Receivables, net – current portion	3,556,968	620,396	134,885	-	32,833	99,653	4,444,735	(3,542,199)	902,536
Notes receivable, net – current portion	1,931,000	-	-	-	-	-	1,931,000	(159,999)	1,771,001
Inclusionary housing fee receivables	1,300,000	-	-	-	-	-	1,300,000	-	1,300,000
Prepaid expenses and deposits	127,408	243,423	76,067	2,361	3,484	880	453,623	-	453,623
Total current assets	<u>9,887,648</u>	<u>5,946,746</u>	<u>2,129,727</u>	<u>70,720</u>	<u>235,653</u>	<u>131,617</u>	<u>18,402,111</u>	<u>(3,702,198)</u>	<u>14,699,913</u>
Non-current assets:									
Restricted cash and deposits – net of current portion	329,803	8,464,824	4,538,283	-	-	14,805	13,347,715	-	13,347,715
Investments	921,268	-	-	-	-	-	921,268	-	921,268
Receivables, net – net of current portion	13,349,281	-	-	1,450,013	-	1,097,839	15,897,133	(15,331,344)	565,789
Notes receivable, net – net of current portion	12,746,137	352,852	-	-	-	3,078,856	16,177,845	(15,992,295)	185,550
Development in progress	4,929,535	3,023,021	7,446,786	-	-	-	15,399,342	-	15,399,342
Property and equipment – net	6,114,560	317,072,723	41,355,485	-	-	468,308	365,011,076	-	365,011,076
Deferred costs – net	5,157	5,340,049	144,331	-	-	-	5,489,537	-	5,489,537
Other investments	1,515,285	-	-	-	-	-	1,515,285	(1,497,260)	18,025
Total non-current assets	<u>39,911,026</u>	<u>334,253,469</u>	<u>53,484,885</u>	<u>1,450,013</u>	<u>-</u>	<u>4,659,808</u>	<u>433,759,201</u>	<u>(32,820,899)</u>	<u>400,938,302</u>
Total assets	<u>\$ 49,798,674</u>	<u>\$ 340,200,215</u>	<u>\$ 55,614,612</u>	<u>\$ 1,520,733</u>	<u>\$ 235,653</u>	<u>\$ 4,791,425</u>	<u>\$ 452,161,312</u>	<u>\$ (36,523,097)</u>	<u>\$ 415,638,215</u>

⁽¹⁾ Includes entities that control certain housing property entities.

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF FINANCIAL POSITION
 JUNE 30, 2009 AND 2008

	2008									
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾	Subtotal	Eliminations	Total	
LIABILITIES AND NET ASSETS										
Current liabilities:										
Accounts payable and accrued expenses	\$ 673,287	2,248,192	\$ 738,897	\$ 295,809	\$ 27,602	\$ 1,371	\$ 3,985,158	\$ (1,268,540)	\$ 2,716,618	
Related-party payable – current portion	917,655	12,378,085	45,679	1,742,439	-	-	15,083,858	(15,083,858)	-	
Other liabilities	-	190,847	58,874	-	-	-	249,721	1,034,491	1,284,212	
Interest payable – current portion	12,119	368,038	98,164	-	-	-	478,321	-	478,321	
Notes payable – current portion	3,769,550	1,548,274	412,172	-	-	-	5,729,996	-	5,729,996	
Total current liabilities	5,372,611	16,733,436	1,353,786	2,038,248	27,602	1,371	25,527,054	(15,317,907)	10,209,147	
Non-current liabilities:										
Related-party payable – net of current portion	1,009,818	725,070	-	-	-	2,056,422	3,791,310	(3,791,310)	-	
Deferred revenues	92,928	-	-	-	-	-	92,928	7,205,780	7,298,708	
Security and other deposits	7,482	1,621,929	163,799	-	-	14,673	1,807,883	-	1,807,883	
Share of deficiency in assets of partnerships	-	-	-	-	-	5,182,365	5,182,365	(5,182,365)	-	
Line of credit	1,343,096	-	-	-	-	-	1,343,096	-	1,343,096	
Interest payable – net of current portion	1,793,818	27,111,925	2,043,054	-	-	-	30,948,797	(2,627,978)	28,320,819	
Notes payable – net of current portion	7,512,036	221,617,357	55,821,643	-	-	1,549,768	286,500,804	(13,941,300)	272,559,504	
Payable to city of Hayward	217,358	-	-	-	-	-	217,358	-	217,358	
	11,976,536	251,076,281	58,028,496	-	-	8,803,228	329,884,541	(18,337,173)	311,547,368	
Total liabilities	17,349,147	267,809,717	59,382,282	2,038,248	27,602	8,804,599	355,411,595	(33,655,080)	321,756,515	
Net assets:										
Unrestricted:										
Controlling interests	32,449,527	(7,236,805)	(3,767,670)	(517,515)	128,900	(4,013,174)	17,043,263	2,260,387	19,303,650	
Non-controlling interests	-	79,627,303	-	-	-	-	79,627,303	(5,128,404)	74,498,899	
Total unrestricted	32,449,527	72,390,498	(3,767,670)	(517,515)	128,900	(4,013,174)	96,670,566	(2,868,017)	93,802,549	
Temporarily restricted	-	-	-	-	79,151	-	79,151	-	79,151	
Total net assets	32,449,527	72,390,498	(3,767,670)	(517,515)	208,051	(4,013,174)	96,749,717	(2,868,017)	93,881,700	
Total liabilities and net assets	\$ 49,798,674	\$ 340,200,215	\$ 55,614,612	\$ 1,520,733	\$ 235,653	\$ 4,791,425	\$ 452,161,312	\$ (36,523,097)	\$ 415,638,215	

⁽¹⁾ Includes entities that control certain housing property entities.

EDEN HOUSING, INC. AND AFFILIATES
COMBINING SCHEDULES OF ACTIVITIES
YEARS ENDED JUNE 30, 2009 AND 2008

	2009						Subtotal	Eliminations	Total
	Eden Housing Inc.	LIHTC Limited Partnerships ⁽²⁾	HUD Properties ⁽²⁾	EHMI	EHRSI	Other Entities ⁽¹⁾			
Support and revenue:									
Development fees, including accrued interest	\$ 2,804,003	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,804,003	\$ (2,804,003)	\$ -
Rental income – owned properties	177,588	24,434,646	5,950,377	-	-	104,288	30,666,899	-	30,666,899
Partnership management service contracts	541,882	-	-	-	-	387,533	929,415	(784,723)	144,692
Deferred ground leases	339,257	-	-	-	-	-	339,257	(339,257)	-
Property management fee	-	-	-	1,738,003	-	-	1,738,003	(1,522,522)	215,481
Accounting fee	-	-	-	237,297	-	-	237,297	(205,074)	32,223
Contributions	1,438,990	-	-	-	212,187	-	1,651,177	(158,522)	1,492,655
Interest and investment income	442,467	111,842	45,478	-	480	184,453	784,720	(219,558)	565,162
Net realized and unrealized loss on investments	(66,313)	-	-	-	-	-	(66,313)	-	(66,313)
Income (loss) from investment in other companies	18,710	-	-	-	-	(1,281,212)	(1,262,502)	1,262,502	-
Other income	64,542	919,970	349,545	381,838	233,778	244,408	2,194,081	(474,605)	1,719,476
Total support and revenue	5,761,126	25,466,458	6,345,400	2,357,138	446,445	(360,530)	40,016,037	(5,245,762)	34,770,275
Expenses:									
Program services	2,507,044	35,937,019	6,589,714	1,666,072	343,689	485,843	47,529,381	(5,257,772)	42,271,609
Management and general	910,257	-	-	326,774	131,379	-	1,368,410	(475,822)	892,588
Other	595,852	-	-	-	-	-	595,852	(158,522)	437,330
Total expenses	4,013,153	35,937,019	6,589,714	1,992,846	475,068	485,843	49,493,643	(5,892,116)	43,601,527
Changes in net assets	1,747,973	(10,470,561)	(244,314)	364,292	(28,623)	(846,373)	(9,477,606)	646,354	(8,831,252)
Net assets, beginning of year	32,449,527	72,390,498	(3,767,670)	(517,515)	208,051	(4,013,174)	96,749,717	(2,868,017)	93,881,700
Capital contributions	-	19,692,701	-	-	-	3,868,345	23,561,046	(5,841,793)	17,719,253
Net assets, end of year	\$ 34,197,500	\$ 81,612,638	\$ (4,011,984)	\$ (153,223)	\$ 179,428	\$ (991,202)	\$ 110,833,157	\$ (8,063,456)	\$ 102,769,701

⁽¹⁾ Includes entities that control certain housing property entities.

⁽²⁾ Total expenses include depreciation/amortization and deferred interest expense for LIHTC & HUD properties of \$12,013,840 and \$4,892,592, respectively.

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF ACTIVITIES
 YEARS ENDED JUNE 30, 2009 AND 2008

	2008								
	Eden Housing Inc.	LIHTC Limited Partnerships ⁽²⁾	HUD Properties ⁽²⁾	EHMI	EHRSI	Other Entities ⁽¹⁾	Subtotal	Eliminations	Total
Support and revenue:									
Development fees, including accrued interest	\$ 4,343,877	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 4,343,877	\$ (4,343,877)	\$ -
Rental income – owned properties	674,441	21,138,325	5,845,312	-	-	178,119	27,836,197	-	27,836,197
Partnership management service contracts	502,500	-	-	-	-	225,774	728,274	(590,344)	137,930
Deferred ground leases	572,222	-	-	-	-	-	572,222	(552,594)	19,628
Property management fee	-	-	-	1,608,743	-	-	1,608,743	(1,564,795)	43,948
Accounting fee	-	-	-	227,948	-	-	227,948	(212,943)	15,005
Contributions	349,887	-	-	-	267,665	-	617,552	(201,895)	415,657
Interest and investment income	439,301	197,845	93,752	-	1,002	6,314	738,214	(15,434)	722,780
Net realized and unrealized loss on investments	(47,658)	-	-	-	-	-	(47,658)	-	(47,658)
Income (loss) from investment in other companies	(178,721)	-	-	-	-	(1,237,098)	(1,415,819)	1,395,768	(20,051)
Other income	5,074,689	883,839	297,336	498,955	187,892	86,845	7,029,556	(3,667,779)	3,361,777
Total support and revenue	11,730,538	22,220,009	6,236,400	2,335,646	456,559	(740,046)	42,239,106	(9,753,893)	32,485,213
Expenses:									
Program services	2,416,955	33,566,960	6,034,319	1,815,587	310,420	225,774	44,370,015	(5,644,734)	38,725,281
Management and general	795,116	-	-	406,383	133,947	31,157	1,366,603	(741,751)	624,852
Other	1,926,973	-	-	-	-	-	1,926,973	(1,119,550)	807,423
Total expenses	5,139,044	33,566,960	6,034,319	2,221,970	444,367	256,931	47,663,591	(7,506,035)	40,157,556
Changes in net assets	6,591,494	(11,346,951)	202,081	113,676	12,192	(996,977)	(5,424,485)	(2,247,858)	(7,672,343)
Net assets, beginning of year	25,858,033	55,619,330	(3,969,751)	(631,191)	195,859	(3,016,197)	74,056,083	(2,515,486)	71,540,597
Capital contributions	-	31,318,146	-	-	-	-	31,318,146	(1,304,700)	30,013,446
Excess of liabilities assumed over assets acquired	-	(3,200,027)	-	-	-	-	(3,200,027)	3,200,027	-
Net assets, end of year	\$ 32,449,527	\$ 72,390,498	\$ (3,767,670)	\$ (517,515)	\$ 208,051	\$ (4,013,174)	\$ 96,749,717	\$ (2,868,017)	\$ 93,881,700

⁽¹⁾ Includes entities that control certain housing property entities.

⁽²⁾ Total expenses include depreciation/amortization and deferred interest expense for LIHTC & HUD properties of \$10,386,083 and \$4,235,074, respectively.

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF CASH FLOWS
 YEARS ENDED JUNE 30, 2009 AND 2008

	2009						Sub-total	Eliminations	Total
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾			
Cash flows from operating activities:									
Change in net assets	\$ 1,747,973	\$ (10,470,561)	\$ (244,314)	\$ 364,292	\$ (28,623)	\$ (846,373)	\$ (9,477,606)	\$ 646,354	\$ (8,831,252)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Depreciation and amortization	195,824	10,552,563	1,771,265	3,523	1,954	-	12,525,129	(4,585)	12,520,544
Net realized and unrealized loss on investments	66,313	-	-	-	-	-	66,313	-	66,313
Gain on sale of property and equipment	-	-	-	-	-	(242,042)	(242,042)	-	(242,042)
Income (loss) from investment in partnerships and other companies	(18,710)	-	-	-	-	1,281,212	1,262,502	(1,262,502)	-
(Increase) decrease in assets:									
Accounts receivable	-	(85,279)	(54,914)	-	-	(31,799)	(171,992)	(88,740)	(260,732)
Grant receivables	(475,000)	-	-	-	-	-	(475,000)	-	(475,000)
Inclusionary housing fee receivables	1,300,000	-	-	-	-	-	1,300,000	-	1,300,000
Related-party receivables	809,731	-	-	649,252	10,682	(108,710)	1,360,955	(1,360,955)	-
Prepaid expenses and other receivables	(72,275)	(286,009)	(23,472)	(2,371)	8,759	880	(374,488)	(3,528)	(378,016)
Tenant security deposits	2,532	-	-	-	-	-	2,532	-	2,532
Increase (decrease) in liabilities:									
Accounts payable and accrued expenses	(57,705)	418,485	7,943	18,120	(581)	786	387,048	(627,518)	(240,470)
Related-party payable	390,433	(3,895,018)	(26,269)	-	-	15,967	(3,514,887)	3,514,887	-
Deferred revenue	(1,892)	-	(45,298)	-	-	-	(47,190)	661,447	614,257
Tenant security deposits	31	156,427	17,353	-	-	6,187	179,998	-	179,998
Interest payable	256,801	3,565,528	404,881	-	-	-	4,227,210	(1,011,573)	3,215,637
Other liabilities	-	660,394	-	-	-	-	660,394	691,241	1,351,635
Net cash provided by (used in) operating activities	4,144,056	616,530	1,807,175	1,032,816	(7,809)	76,108	7,668,876	1,154,528	8,823,404

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF CASH FLOWS
 YEARS ENDED JUNE 30, 2009 AND 2008

	2009						Sub-total	Eliminations	Total
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾			
Cash flows from investing activities:									
Net (increase) decrease in restricted cash	187,815	(2,980,527)	(1,136,807)	-	(114,297)	14,805	(4,029,011)	-	(4,029,011)
Net increase in investments	(386,445)	-	-	-	-	-	(386,445)	-	(386,445)
Net increase in investment in partnerships and other companies	(665)	-	-	-	-	(5,642,959)	(5,643,624)	5,632,939	(10,685)
Net (increase) decrease in notes receivable	561,551	352,852	-	-	-	(1,260,818)	(346,415)	2,101,157	1,754,742
Net increase in development in progress	(1,746,334)	(12,920,308)	-	-	-	-	(14,666,642)	(1)	(14,666,643)
Payment of deferred costs	-	(23,509)	(298,401)	-	-	-	(321,910)	-	(321,910)
Purchase of property and equipment	(510,041)	(36,896,695)	(4,638,920)	(3,486)	(8,680)	-	(42,057,822)	-	(42,057,822)
Proceeds from sale of property and equipment	-	-	-	-	-	581,176	581,176	-	581,176
Net cash used in investing activities	(1,894,119)	(52,468,187)	(6,074,128)	(3,486)	(122,977)	(6,307,796)	(66,870,693)	7,734,095	(59,136,598)
Cash flows from financing activities:									
Payment of line of credit	(647,444)	-	-	-	-	-	(647,444)	-	(647,444)
Proceeds from (payment of) related-party advances	-	-	-	(1,039,190)	-	2,559,248	1,520,058	(1,520,058)	-
Capital contributions	-	7,625,911	-	-	-	2,950,690	10,576,601	(4,924,138)	5,652,463
Principal repayments – mortgages	(3,085,344)	(5,277,851)	(9,644,770)	-	-	(513,375)	(18,521,340)	-	(18,521,340)
Proceeds from long-term debt	3,196,460	50,398,135	13,879,029	-	-	1,334,000	68,807,624	(2,444,427)	66,363,197
Net cash provided by (used in) financing activities	(536,328)	52,746,195	4,234,259	(1,039,190)	-	6,330,563	61,735,499	(8,888,623)	52,846,876
Net increase (decrease) in cash and cash equivalents	1,713,609	894,538	(32,694)	(9,860)	(130,786)	98,875	2,533,682	-	2,533,682
Cash and cash equivalents, beginning of year	2,972,272	2,832,847	1,141,693	68,359	199,336	31,084	7,245,591	-	7,245,591
Cash and cash equivalents, end of year	\$ 4,685,881	\$ 3,727,385	\$ 1,108,999	\$ 58,499	\$ 68,550	\$ 129,959	\$ 9,779,273	\$ -	\$ 9,779,273
Supplementary information:									
Cash paid for interest (net of capitalized interest)	\$ 203,843	\$ 6,609,181	\$ 1,071,294	\$ -	\$ -	\$ -	\$ 7,884,318	\$ -	\$ 7,884,318
Noncash investing and financing activities:									
Property and equipment acquired with short-term debt	\$ -	\$ 2,051,483	\$ -	\$ -	\$ -	\$ -	\$ 2,051,483	\$ (764,096)	\$ 1,287,387
Property and equipment acquired with long-term debt	\$ 3,600,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,600,000	\$ -	\$ 3,600,000
Assets acquired through funding of capital contribution	\$ -	\$ 1,399,020	\$ -	\$ -	\$ -	\$ -	\$ 1,399,020	\$ -	\$ 1,399,020
Liabilities paid from capital contribution	\$ -	\$ 10,667,770	\$ -	\$ -	\$ -	\$ -	\$ 10,667,770	\$ -	\$ 10,667,770

⁽¹⁾ Includes entities that control certain housing property entities.

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF CASH FLOWS
 YEARS ENDED JUNE 30, 2009 AND 2008

	2008						Sub-total	Eliminations	Total
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾			
Cash flows from operating activities:									
Change in net assets	\$ 6,591,494	\$ (11,346,951)	\$ 202,081	\$ 113,676	\$ 12,192	\$ (996,977)	\$ (5,424,485)	\$ (2,247,858)	\$ (7,672,343)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:									
Depreciation and amortization	177,791	9,783,431	1,176,587	3,684	238	-	11,141,731	(205,051)	10,936,680
Net realized and unrealized loss on investments	47,658	-	-	-	-	-	47,658	-	47,658
Gain on sale of property and equipment	(4,212,878)	-	-	-	-	-	(4,212,878)	3,200,027	(1,012,851)
Income (loss) from investment in partnerships and other companies	178,721	-	-	-	-	1,237,098	1,415,819	(1,395,768)	20,051
(Increase) decrease in assets:									
Accounts receivable	-	1,634,425	2,941	-	-	152,999	1,790,365	-	1,790,365
Grant receivables	(44,979)	-	69,270	-	-	-	24,291	-	24,291
Inclusionary housing fee receivables	500,000	-	-	-	-	-	500,000	-	500,000
Related-party receivables	(1,304,447)	-	-	79,515	4,872	51,468	(1,168,592)	1,168,592	-
Prepaid expenses and other receivables	16,846	(37,261)	3,670	3,409	1,802	1,954	(9,580)	-	(9,580)
Tenant security deposits	39,113	-	(8,757)	-	-	-	30,356	-	30,356
Increase (decrease) in liabilities:									
Accounts payable and accrued expenses	(239,364)	(301,212)	503,885	948	(17,529)	(104,275)	(157,547)	-	(157,547)
Related-party payable	1,909,904	2,495,098	(207,297)	-	-	-	4,197,705	(4,197,705)	-
Deferred revenue	(1,892)	-	(2,236)	-	-	-	(4,128)	1,284,209	1,280,081
Tenant security deposits	(44,951)	276,469	4,696	-	-	-	236,214	-	236,214
Interest payable	285,802	4,491,465	321,812	-	-	-	5,099,079	-	5,099,079
Other liabilities	-	(954,365)	-	-	-	-	(954,365)	1,990,943	1,036,578
Net cash provided by operating activities	3,898,818	6,041,099	2,066,652	201,232	1,575	342,267	12,551,643	(402,611)	12,149,032

EDEN HOUSING, INC. AND AFFILIATES
 COMBINING SCHEDULES OF CASH FLOWS
 YEARS ENDED JUNE 30, 2009 AND 2008

	2008						Sub-total	Eliminations	Total
	Eden Housing Inc.	LIHTC Limited Partnerships	HUD Properties	EHMI	EHRSI	Other Entities ⁽¹⁾			
Cash flows from investing activities:									
Net (increase) decrease in restricted cash	539,822	(2,684,974)	(1,242,977)	-	-	(141)	(3,388,270)	-	(3,388,270)
Net increase in investments	(489,427)	-	-	-	-	-	(489,427)	-	(489,427)
Net increase in investment in partnerships and other companies	(527,527)	-	-	-	-	(1,522,441)	(2,049,968)	2,049,968	-
Net (increase) decrease in notes receivable	(1,076,387)	46,324	-	-	-	(216,270)	(1,246,333)	949,385	(296,948)
Net increase in development in progress	(2,760,685)	(2,125,481)	-	-	-	-	(4,886,166)	-	(4,886,166)
Payment of deferred costs	-	(345,050)	-	-	-	-	(345,050)	-	(345,050)
Purchase of property and equipment	(2,364,735)	(67,512,213)	(5,507,884)	-	(2,112)	-	(75,386,944)	(3,104,513)	(78,491,457)
Proceeds from sale of property and equipment	95,514	-	-	-	-	-	95,514	(95,514)	-
Net cash used in investing activities	(6,583,425)	(72,621,394)	(6,750,861)	-	(2,112)	(1,738,852)	(87,696,644)	(200,674)	(87,897,318)
Cash flows from financing activities:									
Proceeds from line of credit	662,907	-	-	-	-	-	662,907	-	662,907
Payment of related-party advances	-	-	-	-	-	(1,020,167)	(1,020,167)	1,020,167	-
Capital contributions	-	28,118,119	-	-	-	1,362,825	29,480,944	532,502	30,013,446
Principal repayments – mortgages	(94,960)	(7,523,148)	(330,007)	(168,648)	-	-	(8,116,763)	-	(8,116,763)
Proceeds from long-term debt	2,623,137	44,859,036	4,825,123	-	-	1,037,168	53,344,464	(949,385)	52,395,079
Net cash provided by (used in) financing activities	3,191,084	65,454,007	4,495,116	(168,648)	-	1,379,826	74,351,385	603,284	74,954,669
Net increase (decrease) in cash and cash equivalents	506,477	(1,126,288)	(189,093)	32,584	(537)	(16,759)	(793,616)	(1)	(793,617)
Cash and cash equivalents, beginning of year	2,465,795	3,959,135	1,330,786	35,776	199,872	47,844	8,039,208	-	8,039,208
Cash and cash equivalents, end of year	\$ 2,972,272	\$ 2,832,847	\$ 1,141,693	\$ 68,360	\$ 199,335	\$ 31,085	\$ 7,245,592	\$ -	\$ 7,245,591
Supplementary information:									
Cash paid for interest (net of capitalized interest)	\$ 281,849	\$ 5,289,281	\$ 1,064,825	\$ -	\$ -	\$ -	\$ 6,635,955	\$ -	\$ 6,635,955
Noncash investing and financing activities:									
Property and equipment acquired with short-term debt	\$ 435,942	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 435,942	\$ -	\$ 435,942
Property and equipment acquired with long-term debt	\$ -	\$ 1,466,128	\$ -	\$ -	\$ -	\$ -	\$ 1,466,128	\$ (1,466,128)	\$ -

⁽¹⁾ Includes entities that control certain housing property entities.

EDEN HOUSING, INC. AND AFFILIATES
STATEMENTS OF FINANCIAL POSITION – EDEN HOUSING, INC. ONLY
JUNE 30, 2009 AND 2008

	2009	2008
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 4,685,881	\$ 2,972,272
Grants receivables	525,000	50,000
Inclusionary housing fee receivable	-	1,300,000
Related-party receivables, net – current portion	4,339,630	3,506,968
Notes receivable, net – current portion	238,281	1,931,000
Prepaid expenses and other receivables	199,683	127,408
Total current assets	9,988,475	9,887,648
Investments	1,241,400	921,268
Related-party receivables, net – net of current portion	13,037,567	13,349,281
Notes receivable, net – net of current portion	13,877,305	12,746,137
Tenant security deposits	10,130	12,662
Cash – restricted	129,326	317,141
Investments in partnerships and other companies	617,005	1,515,285
Development in progress	4,745,380	4,929,535
Property and equipment – net	10,029,025	6,114,560
Deferred costs – net	4,909	5,157
Total assets	\$ 53,680,522	\$ 49,798,674
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 615,582	\$ 673,287
Related-party payable – current portion	-	917,655
Interest payable – current portion	82,997	12,119
Notes payable – current portion	1,332,331	3,769,550
Total current liabilities	2,030,910	5,372,611
Related-party payable – net of current portion	1,400,251	1,009,818
Deferred revenue	91,036	92,928
Tenant security deposits	7,513	7,482
Line of credit	695,652	1,343,096
Interest payable – net of current portion	1,979,741	1,793,818
Notes payable – net of current portion	13,060,561	7,512,036
Payable to City of Hayward	217,358	217,358
Total liabilities	19,483,022	17,349,147
Net assets:		
Unrestricted	34,197,500	32,449,527
Total net assets	34,197,500	32,449,527
Total liabilities and net assets	\$ 53,680,522	\$ 49,798,674

EDEN HOUSING, INC. AND AFFILIATES
STATEMENTS OF ACTIVITIES – EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

	<i>Unrestricted</i>	
	<u>2009</u>	<u>2008</u>
Support and revenue:		
Development fees, including accrued interest	\$ 2,804,003	\$ 4,343,877
Rental income – owned properties	177,588	674,441
Partnership management service contracts	541,882	502,500
Deferred ground leases, including accrued interest	339,257	572,222
Contributions	276,092	349,887
Interest and investment income	442,467	439,301
Net realized and unrealized gain (loss) on investments	(66,313)	(47,658)
Income (loss) from investment in partnerships and other companies	18,710	(178,721)
Other income	64,542	96,890
Total support and revenue	<u>4,598,228</u>	<u>6,752,739</u>
Expenses:		
Program services:		
Housing development	2,316,550	1,539,291
Rental operations	190,494	877,664
Supporting services:		
Management and general	910,257	795,116
Total expenses	<u>3,417,301</u>	<u>3,212,071</u>
Change in net assets before other income (expenses)	<u>1,180,927</u>	<u>3,540,668</u>
Other income (expenses):		
Capital grants	1,162,898	764,921
Gain on sale of property – Villa Springs	-	4,212,878
Contributions to related parties	(595,852)	(1,926,973)
Total other income (expenses)	<u>567,046</u>	<u>3,050,826</u>
Change in net assets	1,747,973	6,591,494
Net assets, beginning of year	<u>32,449,527</u>	<u>25,858,033</u>
Net assets, end of year	<u>\$ 34,197,500</u>	<u>\$ 32,449,527</u>

EDEN HOUSING, INC. AND AFFILIATES
SCHEDULES OF RELATED-PARTY RECEIVABLES AND PAYABLES –
EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

Related-party receivables and payables as of June 30, 2009 and 2008 are as follows:

	2009	2008
Receivable:		
Developer fees	\$ 4,506,380	\$ 7,745,660
Partnership management fees	1,771,667	1,683,712
Ground leases	3,426,465	3,222,764
Advances for development costs	2,299,445	819,741
Advances to general partners	3,226,049	1,544,609
Operating advances to EHMI	-	197,439
Reserve funding fees	37,000	37,000
Accrued interest on developer fees	467,214	409,214
Accrued interest on ground leases	804,029	668,474
Accrued interest on notes receivable	1,150,775	841,028
Accrued interest – other	42,805	130,413
Total	17,731,829	17,300,054
Less: allowance for doubtful collections	(354,632)	(443,805)
	17,377,197	16,856,249
Less: current portion	(4,339,630)	(3,506,968)
Long-term portion	\$ 13,037,567	\$ 13,349,281
Payable:		
Operating advances		
Eden Baywood L.P.	\$ -	\$ 106,767
Eden Palms Associates	30,027	30,027
Monterey Road Supportive Housing	-	17,679
Villa Springs	103,530	-
Other	-	1,549
Grants		
Palo Alto Alma	63,875	63,875
Sara Conner Court L.P.	25,000	25,000
Richmond Nursery	1,177,819	764,921
Capital contribution		
Eden Investments, Inc.	-	917,655
Total	1,400,251	1,927,473
Less: current portion	-	(917,655)
Long-term portion	\$ 1,400,251	\$ 1,009,818

EDEN HOUSING, INC. AND AFFILIATES
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

Notes payable of Eden Housing, Inc. as June 30, 2009 and 2008 are as follows:

	2009		2008	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
<u>742 Harris Court</u>				
Citicorp Mortgage, Inc., maximum amount of \$248,500, due July 1, 2029, bears interest at 7.18% per annum, and requires annual payments of \$1,683.	\$ 1,283	\$ 214,513	\$ 1,337	\$ 219,131
City of Hayward (HOME) for predevelopment costs, due January 10, 2054, bears interest at 4.69% per annum from January 1, 2001. Annual payments are required commencing July 1, 2001, to the extent of surplus cash, as defined.	65,791	165,000	50,311	165,000
<u>Grove Way/Tenth and D Streets</u>				
Citicorp Mortgage, Inc., due June 1, 2029, bears interest at 7.00% per annum and is payable in monthly installments of \$2,754.	-	355,443	2,119	363,312
<u>Stoney Creek Apartments</u>				
City of Livermore, bears compound interest at 3.00% per annum. The loan is to be repaid, to the extent EHI receives annual lease payments from the project.	473,830	813,114	436,346	813,114
<u>Washington Creek Apartments</u>				
City of Petaluma. The principal is due July 24, 2020, with any unpaid interest which accrues at 3.00% per annum.	182,400	320,000	172,800	320,000
<u>Richmond Nursery</u>				
City of Richmond, for acquisition and predevelopment costs, consisting of \$449,000 in CDBG funds and \$151,536 in HOME funds, bears simple interest at 3.00% per annum and due on September 22, 2008.	72,997	919,420	45,414	919,420

EDEN HOUSING, INC. AND AFFILIATES
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

	2009		2008	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Opportunity Fund Northern California (formerly Lenders for Community Development), for the acquisition and development of affordable housing, maximum amount \$1,778,219, secured by general collateral assignment of non-real property assets, bears interest at 8.00% per annum, interest only monthly payments commencing August 1, 2006, and due on the earlier of June 28, 2008 or assignment to an affiliate. Repayment of the loan is guaranteed by the Richmond Community Redevelopment Agency. The loan was repaid in July 2008.	-	-	-	1,771,001
<u>Grand/C L.P.</u> Redevelopment Agency of the City of Hayward, for the development of affordable rental housing, maximum amount \$507,000, bears simple interest at 5.10% per annum, interest only monthly payments commencing March 1, 2007, and due on the earliest of a transfer of the development or any portion thereof other than a transfer as permitted or approved by the Agency, or occurrence of a default, or February 1, 2022.	8,492	507,000	6,337	497,000
<u>E. Santa Fe Avenue</u> Redevelopment Agency of the City of Pittsburg, for the predevelopment of affordable rental housing, maximum amount of \$200,000, bears simple interest at 3% per annum, and due on August 6, 2009 or occurrence of a default.	-	24,971	156	24,971
<u>Cypress Glen</u> Redevelopment Agency of the City of Hayward, for predevelopment costs, bears simple interest at 3.00% per annum and due on December 11, 2062.	-	200,000	-	200,000
<u>Arroyo Vista</u> City of Dublin, for predevelopment costs, maximum amount of \$325,000, bears simple interest at 3.00% per annum and due on December 18, 2010.	-	324,936	-	141,683

EDEN HOUSING, INC. AND AFFILIATES
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

	2009		2008	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Wells Fargo Community Development Corporation, bears simple interest at 2%, interest paid quarterly with principal and any interest due in July 2012.	2,500	500,000	2,500	500,000
<i><u>Lafayette</u></i>				
Redevelopment Agency of the City of Lafayette, for predevelopment costs, maximum amount of \$2,200,000, bears simple interest at 3.00% per annum and due on January 11, 2011.	41,835	2,692,660	506	102,405
Contra Costa County Department of Conservation and Development, for predevelopment costs, in an original amount of \$1,400,000, bears simple interest at 3% per annum and is due on December 10, 2063.	-	1,390,000	-	-
<i><u>Peralta</u></i>				
City of Fremont, for predevelopment costs, maximum amount of \$250,000, bears simple interest at 3.00% per annum and due on September 9, 2009. The loan was assigned to Peralta Seniors, L.P., an affiliate, in June 2009.	-	-	1,815	198,272
<i><u>Palo Alto</u></i>				
Opportunity Fund, for predevelopment costs, maximum amount of \$325,000, bears simple interest at 3.00% per annum and due on December 18, 2010.	-	348,450	-	116,102
<i><u>Estabrook</u></i>				
Opportunity Fund Northern California, maximum amount of \$1,204,930, bears simple interest at 4% per annum, interest only payments commencing February 1, 2009, with principal payments of \$588,117 due on April 1, 2009, \$59,138 due on November 15, 2009, \$340,125 due on July 15, 2010, \$217,549 due on December 31, 2010, and due in full on January 16, 2011.	-	536,218	-	-
<i><u>Ford-Monterey</u></i>				
Opportunity Fund Northern California, maximum amount of \$350,000, is non-interest bearing, and due on February 26, 2012.	-	109,059	-	-

EDEN HOUSING, INC. AND AFFILIATES
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

	2009		2008	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
<u>General</u>				
Wells Fargo Community Development Corporation, in an original amount of \$1,000,000. Bears simple interest at 2.00%, interest paid quarterly with principal and any unpaid interest due in full January 2013.	5,000	1,000,000	5,000	1,000,000
<u>New Corporate Office/Office Building</u>				
Wells Fargo Community Development Corporation, bears simple interest at 2%, interest paid quarterly with principal and any interest due in September 2011.	2,500	500,000	2,500	500,000
Wells Fargo Bank, N.A., for the construction of commercial office space at 22645 Grand Street, Hayward, maximum amount of \$704,519, secured by deed of trust, bears interest at 6.70% per annum (if conversion occurs on or before the mandatory conversion date) or 1.75% plus applicable LIBOR rate (if conversion does not occur by mandatory conversion date), and any unpaid principal and interest due and payable in full on June 20, 2008. The loan was extended and subsequently converted to a permanent loan on October 10, 2008.	-	-	-	642,886
<u>Corporate Office/Office Building</u>				
Bank of the West for acquisition of property for corporate office at 409 Jackson Street, Hayward, due in September 2007. Monthly installments are \$3,159, with interest at 5.00%. The loan was paid-off in September 2007 and was replaced by a new loan with maximum amount of \$410,000 with a maturity date of September 25, 2012.	-	387,940	-	398,790
<u>Grand C Office Building</u>				
California Community Reinvestment Corporation, in an original amount of \$700,000, with monthly installments of principal and interest of \$4,517, bears simple interest at 6.7%, and is due on November, 1, 2023.	-	695,668	-	-
<u>Demand Notes Payable</u>				
Payable to A Street, Inc., on demand or by December 31, 2051, with compound interest at 5.84% per annum.	-	167,000	-	167,000

EDEN HOUSING, INC. AND AFFILIATES
SCHEDULES OF NOTES PAYABLE – EDEN HOUSING, INC. ONLY
YEARS ENDED JUNE 30, 2009 AND 2008

	2009		2008	
	<i>Interest Payable</i>	<i>Principal</i>	<i>Interest Payable</i>	<i>Principal</i>
Payable to Catalonia, Inc., on demand or by December 31, 2053, with compound interest at 6.36% per annum.	378,691	290,000	338,706	290,000
Payable to Chynoweth Housing, Inc., on demand or by December 31, 2055, and is non-interest bearing.	-	250,000	-	250,000
Payable to Corona-Ely Ranch, Inc., on demand or by December 31, 2052, with compound interest at 7.69% per annum.	-	286,000	-	286,000
Payable to Eden Investments, Inc., on demand or by December 31, 2055, and is non-interest bearing.	-	50,000	-	50,000
Payable to Eden Palms, Inc., on demand or by December 31, 2050, with compound interest at 6.36% per annum.	827,419	633,000	740,090	633,000
Payable to Ellis Lake Townhomes, on demand or by December 31, 2051, and is non-interest bearing.	-	79,000	-	79,000
Payable to Glen Berry, Inc., on demand or by December 31, 2052, with compound interest at 7.67% per annum.	-	215,000	-	215,000
Payable to Stoney, Inc., on demand or by December 31, 2051, with compound interest at 6.75% per annum.	-	305,000	-	305,000
Payable to Washington Creek, Inc., on demand or by December 31, 2051, with compound interest at 6.75% per annum.	-	113,500	-	113,500
Total	2,062,738	14,392,892	1,805,937	11,281,586
Less: current portion	(82,997)	(1,332,331)	(12,119)	(3,769,550)
Non-current portion	\$ 1,979,741	\$ 13,060,561	\$ 1,793,818	\$ 7,512,036