

EAST BAY ASIAN LOCAL DEVELOPMENT CORPORATION AND SUBSIDIARIES

**Consolidated Financial Statements and Supplementary Information
with Independent Auditor's Report
December 31, 2021 and 2020**

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Independent Auditor's Report

To the Board of Directors of
East Bay Asian Local Development Corporation:

Opinion

We have audited the accompanying consolidated financial statements of East Bay Asian Local Development Corporation ("EBALDC"), a California nonprofit public benefit corporation, and subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2021 and 2020, and the related consolidated statements of activities, functional expenses and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of East Bay Asian Local Development Corporation and Subsidiaries as of December 31, 2021 and 2020, and the changes in their net assets and their cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of certain consolidated limited partnerships, which statements as of December 31, 2021 and 2020 reflect total assets of \$211,162,797 and \$194,774,352, respectively, and total revenues of \$13,104,897 and \$11,211,168 respectively, for the years then ended. The financial statements of those certain consolidated limited partnerships were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for those certain consolidated limited partnerships, is based solely on the reports of the other auditors.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are required to be independent of East Bay Asian Local Development Corporation and Subsidiaries and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about East Bay Asian Local Development Corporation and Subsidiaries' ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements, including omissions, are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.
- Obtain an understanding of internal control relevant to the audit 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 East Bay Asian Local Development Corporation and Subsidiaries' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about East Bay Asian Local Development Corporation and Subsidiaries' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audit.

Report on Supplementary Information

Our audits were 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. 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 audits 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 Information

Our audits were conducted for the purpose of forming an opinion on the consolidated 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*, is presented for purposes of additional analysis and is not a required part of the consolidated 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 June 10, 2022, on our consideration of East Bay Asian Local Development Corporation and Subsidiaries' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering East Bay Asian Local Development Corporation and Subsidiaries' internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Novogradac & Company LLP". The signature is written in a cursive, flowing style.

Walnut Creek, California
June 10, 2022

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 22,516,704	\$ 17,994,655
Restricted cash (Note 3)	48,421,728	55,793,812
Other investments (Note 4)	4,380	3,510
Receivables:		
Rent, net of allowance	1,513,268	1,473,092
Related party, current portion (Note 10)	160,688	66,531
Interest on notes receivable (Note 11)	265,285	137,428
Notes receivable, current portion (Note 11)	-	5,756,392
Grants receivable	1,291,208	1,913,470
Refundable deposits	100,000	300,000
Property tax refund receivable	425,946	1,433,144
Other	311,472	161,728
Prepaid expenses	156,410	87,679
Real estate held for sale (Note 5)	-	222,504
Total current assets	<u>75,167,089</u>	<u>85,343,945</u>
Long-term assets:		
Development in progress (Note 6)	19,957,892	21,156,245
Property and equipment, net (Note 7)	336,450,819	322,471,050
Deferred costs, net (Note 8)	389,734	446,473
Investments in partnerships (Note 9)	2,035,517	3,033,427
Related party receivables, net of current portion (Note 10)	1,274,004	178,220
Notes receivable, net (Note 11)	2,100,000	4,160,771
Total long-term assets	<u>362,207,966</u>	<u>351,446,186</u>
Total assets	<u>\$ 437,375,055</u>	<u>\$ 436,790,131</u>

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION (CONTINUED)
December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,561,831	\$ 3,909,202
Tenant security deposits	1,581,446	1,690,677
Prepaid rent	405,318	298,049
Ground lease payable	351,784	262,033
Predevelopment and construction costs payable	2,801,842	1,268,082
Notes payable, current portion (Note 12)	44,539,586	31,015,842
Accrued interest on notes payable, current portion (Note 12)	2,094,351	1,586,466
Total current liabilities	55,336,158	40,030,351
Long-term liabilities:		
Funds held in trust (Note 15)	4,910	4,893
Deferred lease payable (Note 22)	1,141,487	1,280,810
Derivative financial instrument - interest rate swap (Note 14)	1,243,447	-
Lines of credit, net (Note 13)	7,093,129	6,355,625
Notes payable, net (Note 12)	251,943,333	262,890,091
Accrued interest on notes payable, net (Note 12)	30,347,893	27,255,091
Total long-term liabilities	291,774,199	297,786,510
Total liabilities	347,110,357	337,816,861
Net assets		
Without donor restrictions (Note 16):		
Controlling interests	(5,689,655)	(1,843,016)
Noncontrolling interests	90,952,449	95,280,971
With donor restrictions (Note 17)	5,001,904	5,535,315
Total net assets	90,264,698	98,973,270
Total liabilities and net assets	\$ 437,375,055	\$ 436,790,131

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF ACTIVITIES
For the year ended December 31, 2021

	2021		
	Without donor Restrictions	With donor Restrictions	Total
REVENUE AND GAINS			
Rental revenue	\$ 30,653,398	\$ -	\$ 30,653,398
Contributions and grants	2,506,345	3,351,868	5,858,213
Portfolio capital reserve (Note 15)	-	207,972	207,972
Management and service fees (Note 10)	368,828	-	368,828
Other program service fees	287,409	-	287,409
Revenue from special events	398,778	-	398,778
Interest income	331,195	-	331,195
Other revenue	2,336,957	-	2,336,957
Net assets released from restrictions (Note 17)	4,093,251	(4,093,251)	-
Debt forgiveness income	1,885,487	-	1,885,487
Loss from derivative financial instruments	(1,243,447)	-	(1,243,447)
Gain on disposal of fixed assets, net	109,284	-	109,284
Income from investments in partnerships (Note 9)	35,435	-	35,435
Total revenue and gains	<u>41,762,920</u>	<u>(533,411)</u>	<u>41,229,509</u>
OPERATIONAL EXPENSES			
Program services	39,982,216	-	39,982,216
Supporting services:			
Management and general	957,833	-	957,833
Fundraising	501,859	-	501,859
Total operational expenses	<u>41,441,908</u>	<u>-</u>	<u>41,441,908</u>
Change in net assets before other program services expenses	321,012	(533,411)	(212,399)
OTHER PROGRAM SERVICES EXPENSES			
Interest expense - deferred loans (Note 12)	3,951,595	-	3,951,595
Depreciation and amortization	10,309,285	-	10,309,285
Total other program services expenses	<u>14,260,880</u>	<u>-</u>	<u>14,260,880</u>
TOTAL EXPENSES	<u>55,702,788</u>	<u>-</u>	<u>55,702,788</u>
Change in net assets (Note 16)	(13,939,868)	(533,411)	(14,473,279)
Net assets, beginning of year	93,437,955	5,535,315	98,973,270
Syndication costs	(11,660)	-	(11,660)
Capital contributions - noncontrolling interests	6,149,369	-	6,149,369
Capital distributions - noncontrolling interests	(373,002)	-	(373,002)
Net assets, end of year	<u>\$ 85,262,794</u>	<u>\$ 5,001,904</u>	<u>\$ 90,264,698</u>

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF ACTIVITIES (CONTINUED)
For the year ended December 31, 2020

	2020		
	Without donor Restrictions	With donor Restrictions	Total
REVENUE AND GAINS			
Rental revenue	\$ 29,717,262	\$ -	\$ 29,717,262
Contributions and grants	1,446,402	2,089,139	3,535,541
Portfolio capital reserve (Note 15)	-	309,254	309,254
Management and service fees (Note 10)	297,381	-	297,381
Other program service fees	552,071	-	552,071
Revenue from special events	295,868	-	295,868
Interest income	446,504	-	446,504
Other revenue	1,146,951	-	1,146,951
Net assets released from restrictions (Note 17)	1,985,442	(1,985,442)	-
Debt forgiveness income	1,457,939	-	1,457,939
Gain from derivative financial instruments	195,113	-	195,113
Gain on disposal of fixed assets, net	3,323,110	-	3,323,110
Loss from investments in partnerships (Note 9)	(102,431)	-	(102,431)
Total revenue and gains	<u>40,761,612</u>	<u>412,951</u>	<u>41,174,563</u>
OPERATIONAL EXPENSES			
Program services	37,552,127	-	37,552,127
Supporting services:			
Management and general	653,825	-	653,825
Fundraising	796,512	-	796,512
Total operational expenses	<u>39,002,464</u>	<u>-</u>	<u>39,002,464</u>
Change in net assets before other program services expenses	1,759,148	412,951	2,172,099
OTHER PROGRAM SERVICES EXPENSES			
Interest expense - deferred loans (Note 12)	3,681,699	-	3,681,699
Depreciation and amortization	10,077,003	-	10,077,003
Total other program services expenses	<u>13,758,702</u>	<u>-</u>	<u>13,758,702</u>
TOTAL EXPENSES	<u>52,761,166</u>	<u>-</u>	<u>52,761,166</u>
Change in net assets (Note 16)	(11,999,554)	412,951	(11,586,603)
Net assets, beginning of year	55,765,232	5,122,364	60,887,596
Syndication costs	(195,535)	-	(195,535)
Capital contributions - noncontrolling interests	50,339,756	-	50,339,756
Capital distributions - noncontrolling interests	(471,944)	-	(471,944)
Net assets, end of year	<u>\$ 93,437,955</u>	<u>\$ 5,535,315</u>	<u>\$ 98,973,270</u>

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
For the years ended December 31, 2021 and 2020

	2021				2020			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
OPERATIONAL EXPENSES								
Salaries and wages	\$ 10,495,122	\$ 694,641	\$ 372,465	\$ 11,562,228	\$ 10,298,447	\$ 479,259	\$ 397,699	\$ 11,175,405
Employee benefits	1,674,591	130,977	60,117	1,865,685	2,265,795	70,579	58,389	2,394,763
Professional fees	2,071,283	24,919	14,227	2,110,429	3,041,908	2,848	7,331	3,052,087
Administrative	2,766,923	107,296	18,610	2,892,829	2,801,739	101,139	260,212	3,163,090
Program expenses	533,897	-	-	533,897	238,833	-	-	238,833
Property insurance	1,777,264	-	-	1,777,264	1,723,980	-	-	1,723,980
Real estate and other taxes	1,047,131	-	-	1,047,131	1,523,638	-	-	1,523,638
Property maintenance and operations	6,336,811	-	-	6,336,811	5,111,375	-	-	5,111,375
External management fees	129,474	-	-	129,474	142,989	-	-	142,989
Utilities	2,620,339	-	-	2,620,339	2,421,907	-	-	2,421,907
Special events	-	-	36,440	36,440	-	-	72,881	72,881
Bad debt expense	4,861,263	-	-	4,861,263	229,234	-	-	229,234
Allowance for bad debt	309,976	-	-	309,976	257,944	-	-	257,944
Portfolio reserve expense	207,972	-	-	207,972	309,254	-	-	309,254
Interest expense - mortgage loans (Note 12)	5,150,170	-	-	5,150,170	7,185,084	-	-	7,185,084
Total operational expenses	39,982,216	957,833	501,859	41,441,908	37,552,127	653,825	796,512	39,002,464
OTHER PROGRAM SERVICES EXPENSES								
Interest expense - deferred loans (Note 12)	3,951,595	-	-	3,951,595	3,681,699	-	-	3,681,699
Depreciation and amortization	10,309,285	-	-	10,309,285	10,077,003	-	-	10,077,003
Total other program services expenses	14,260,880	-	-	14,260,880	13,758,702	-	-	13,758,702
TOTAL EXPENSES	\$ 54,243,096	\$ 957,833	\$ 501,859	\$ 55,702,788	\$ 51,310,829	\$ 653,825	\$ 796,512	\$ 52,761,166

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ (14,473,279)	\$ (11,586,603)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
(Income) loss from investments in partnerships	(35,435)	102,431
Gain on disposal of fixed assets, net	(109,284)	(3,323,110)
Debt forgiveness income	(1,885,487)	(1,457,939)
Interest expense - principal discount amortization	250,392	1,304,829
Depreciation and amortization	10,309,285	10,077,003
Bad debt expense	5,171,239	487,178
Allowance for uncollectible notes receivable	-	-
Unrealized loss (gain) on interest rate swap	1,243,447	(195,113)
Unrealized (gain) loss on securities	(870)	816
(Increase) decrease in operating assets:		
Receivables, other than related party and refundable deposits	733,248	(1,571,925)
Related party receivables	(1,189,941)	17,494
Prepaid expenses	(68,731)	35,487
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(347,371)	498,454
Tenant security deposits	(109,231)	223,483
Prepaid rent	107,269	107,406
Ground lease payable	89,751	75,400
Deferred lease payable	(139,323)	122,698
Accrued interest on notes payable	3,613,174	2,602,857
Net cash provided by (used in) operating activities	3,158,853	(2,479,154)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds from home sales	323,275	-
Proceeds from sale of land	-	4,719,318
Payments for development in progress	(5,763,333)	(9,592,113)
Purchase of property and equipment	(15,511,272)	(26,449,030)
Collections of notes receivable	250,000	3,128,837
Advances of notes receivable	-	(2,350,000)
Receipt of insurance proceeds	1,119,584	-
Distributions received from investment in partnerships	1,033,345	106,596
Payment of predevelopment and construction costs payable	(1,268,082)	(11,957,313)
Deposit to funds held in trust, net	17	3
Net cash used in investing activities	(19,816,466)	(42,393,702)

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND AFFILIATES**
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
For the years ended December 31, 2021 and 2020

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Receipt of refundable deposits	200,000	620,000
Payment for deferred costs	(5,881)	(45,415)
Payment for debt issuance costs	(159,776)	(912,342)
Proceeds from lines of credit	737,504	5,144,183
Repayment of lines of credit	-	(2,412,711)
Principal payments on notes payable	(38,204,178)	(67,141,959)
Proceeds from notes payable	45,475,202	88,558,161
Syndication costs	(11,660)	(195,535)
Capital contributions - noncontrolling interests	6,149,369	50,339,756
Capital distributions - noncontrolling interests	(373,002)	(471,944)
Net cash provided by financing activities	13,807,578	73,482,194
Net change in cash, cash equivalents and restricted cash	(2,850,035)	28,609,338
Cash, cash equivalents and restricted cash at beginning of year	73,788,467	45,179,129
Cash, cash equivalents and restricted cash at end of year	\$ 70,938,432	\$ 73,788,467
Cash and cash equivalents	\$ 22,516,704	\$ 17,994,655
Restricted cash	48,421,728	55,793,812
Total cash, cash equivalents and restricted cash	\$ 70,938,432	\$ 73,788,467
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:		
Cash paid for interest expense	\$ 5,238,199	\$ 6,959,097
Cash paid for interest capitalized	\$ 1,208,166	\$ 691,389
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING INFORMATION:		
Increase in development in progress and construction costs payable and accrued expenses	\$ 582,917	\$ 771,975
Increase in property and equipment and construction costs payable and accrued expenses	\$ 2,218,925	\$ 496,107
Reclassification from development in progress to property and equipment	\$ 7,607,308	\$ 19,404,404

see accompanying notes

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 – Organization

East Bay Asian Local Development Corporation (“EBALDC”) was formed as a California nonprofit public benefit corporation in 1975. EBALDC is a community development corporation that develops affordable housing and community facilities with integrated services focused on tenants and neighborhood residents, with emphasis on Asian Pacific Islanders communities and the diverse low-income populations of the East Bay Area.

In order to facilitate the pursuit of its exempt purpose and develop affordable housing, EBALDC formed affiliated entities, which are consolidated in these financial statements. These entities include single member limited liability companies (“LLCs”), limited partnerships, and nonprofit corporations under common board control, which have been formed either as supporting entities to EBALDC or to either own affordable housing or commercial properties or act as general partners in partnerships that own affordable housing or commercial properties. The board of directors of EBALDC and affiliated entities serve without compensation.

Single member LLCs and nonprofit corporations under common control, consolidated in these financial statements, which hold controlling general partner and managing member interests (ranging from 0.0064% to 1% as of December 31, 2021 and 2020) in limited partnerships and LLCs providing affordable housing and/or commercial rental space, are as follows:

<u>Nonprofit Corporations and LLCs *</u>	<u>Limited Partnerships and Joint Venture LLCs</u>
Madrone Hotel, Inc.	Madrone Hotel Associates, L.P.**
West Oakland Neighborhood Housing Corp.	Oakland Point Limited Partnership ***
Seven Directions Management LLC	Seven Directions Housing Limited Partnership
EBALDC California Hotel LLC	California Hotel Oakland, L.P.
Drasnin Manor LLC	Drasnin Manor, L.P.
11 th & Jackson LLC	11J Family Housing, L.P.
Hin-Nu Garvey LLC	Hin-Nu Garvey Associates, L.P.
EBALDC Transit Village LLC	Fruitvale Transit Village II-A, L.P.
San Pablo Hotel Associates II LLC	San Pablo Hotel Associates II, L.P.
Madison Park Housing Associates II LLC	Madison Park Housing Associates II, L.P.
EBALDC Fund III, LLC	East Bay Capital Fund III, L.P.
EBALDC Portfolio Fund IV, LLC	East Bay Capital Portfolio I Fund IV, L.P.
Frank G Mar, LLC	Frank G Mar, L.P.
West Grand & Brush, LLC	West Grand & Brush 1, L.P.

* Except for Seven Directions Management LLC in which EBALDC owns a 50% managing member interest (controlled by EBALDC), the remaining LLCs listed above are wholly owned by EBALDC.

** EBALDC also holds a 25.452%, limited partner interest in this partnership as of December 31, 2021 and 2020.

*** EBALDC, via its wholly controlled nonprofit organization, Madison Park Housing, Inc., also holds a 94.9% noncontrolling interest in this partnership.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 – Organization (continued)

Wholly owned partnerships in which EBALDC holds the general and limited partner (“GP” and “LP”, respectively) interests through nonprofit corporations under common control, consolidated in these financial statements, are as follows:

Nonprofit Corporations	Limited Partnerships
Avalon Housing, Inc. (GP) Madison Park Housing, Inc. (LP)	Avalon Senior Housing, L.P.
Swans Market, Inc. (GP) Madison Park Housing, Inc. (LP)	Swans Market Partnership, L.P.
Oak Park Management, LLC (GP) Madison Park Housing, Inc. (LP)	26th Avenue Housing Associates, L.P.
JLG Senior Housing, LLC (GP) Madison Park Housing, Inc. (LP)	JLG Senior Housing, L.P.
Whistle Station, LLC (GP) Madison Park Housing, Inc. (LP)	Giant Development, L.P.

Single member LLCs and nonprofit corporations under common control, consolidated in these financial statements, which directly own affordable housing or commercial properties are as follows:

Nonprofit Corporations and single member LLCs	Property names
Homeplace Initiatives Corporation	Sausal Creek Townhomes
Seminary Avenue Development Corporation	Hugh Taylor House
Ivy Hill Development Corporation	Effie’s House
Avalon Commercial LLC	Avalon Commercial
EBALDC Bond 2012 LLC	Pacific Renaissance Plaza Condos Slim Jenkins Court Apartments
B7M LLC	San Antonio Commercial Revitalization

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 – Organization (continued)

Other consolidated entities:

Preservation Park Center, Inc. (“PPC”) – during 2012, PPC changed its bylaws to have the board of directors be controlled by EBALDC, giving EBALDC the right to appoint 3 out of 5 board members. PPC was formed to combat community deterioration and provide relief to the poor or underprivileged by owning and operating commercial office space in a low-income community for rental to predominantly nonprofit organizations.

Bayporte Development Corporation – EBALDC controls 100% of the board of directors of this entity formed to sell affordable homes.

1825 San Pablo Ave LLC (“1825 LLC”) – EBALDC holds 80% controlling membership interest in this entity which was formed to acquire, rehabilitate and operate a retail facility/office space known as 1825 San Pablo Ave.

West Grand & Brush LLC (“WGB LLC”) – EBALDC is the sole member of this entity formed to provide housing for low income persons and to serve as a general partner in a limited partnership which owns and operates housing for the benefit of low income persons.

East Bay Capital Fund I, L.P. – EBALDC, via its wholly owned entity EBALDC Fund I LLC, holds a 0.01% general partner interest in this entity formed to invest in and acquire a fee interest in residential multifamily properties in Alameda County and Contra Costa County, to rehabilitate, own, lease, maintain, operate, finance, mortgage, encumber, sell and otherwise deal with such properties. EBALDC also holds a 99.99% limited partner interest in this partnership.

34th & San Pablo, L.P. – EBALDC, via its wholly owned entity 3431SP LLC, holds a 1% general partner interest in this entity formed to acquire, construct, own, hold for investment, operate, manage, lease or sell an affordable rental housing development for low income persons. EBALDC is currently the initial limited partner holding 99% limited partner interest.

3103 Myrtle LLC (“3103 Myrtle”) – EBALDC is the sole member of this entity formed to promote and assist development of business enterprises in low income neighborhoods and areas of high unemployment through the purchase, operation, and leasing of real property in support of EBALDC’s charitable purpose. 3103 Myrtle was dissolved on December 13, 2019.

LakeHouse Commons Affordable Housing, L.P. (“LakeHouse”) – EBALDC, via its wholly owned entity LakeHouse Affordable LLC, holds a 0.01% general partner interest in this entity formed to develop, construct, own, maintain and operate a multifamily low income housing property with a commercial space located in Oakland, California. EBALDC is currently the initial limited partner holding 99.99% limited partner interest.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 – Organization (continued)

Other consolidated entities (continued):

East Bay Capital Fund II, L.P. – EBALDC, via its wholly owned entity EBALDC Fund II, LLC, holds a 0.01% general partner interest in this entity formed to invest in and acquire a fee interest in residential multifamily properties in Alameda County and Contra Costa County, to rehabilitate, own, lease, maintain, operate, finance, mortgage, encumber, sell and otherwise deal with such properties. EBALDC is currently the initial limited partner holding 99.99% limited partner interest.

East Bay Highland Palms II, L.P. – EBALDC, via its wholly owned entity EBALDC Fund II, LLC, holds a 0.01% general partner interest in this entity formed to invest in and acquire a fee interest in residential multifamily properties in Alameda County and Contra Costa County, to rehabilitate, own, lease, maintain, operate, finance, mortgage, encumber, sell and otherwise deal with such properties. EBALDC is currently the initial limited partner holding 99.99% limited partner interest.

285 12th Street, L.P. – EBALDC, via its wholly owned entity 285 12th Street, LLC, holds a 0.01% general partner interest in this entity formed to acquire, rehabilitate and operate a multifamily rental housing project for low income households in Oakland, California. EBALDC is currently the initial limited partner holding 99.99% limited partner interest.

Phoenix 801 Pine, L.P. – EBALDC, via its wholly owned entity Phoenix 801 Pine, LLC, holds a 0.01% general partner interest in this entity formed to develop, construct, own, maintain and operate a multifamily low income housing property with a commercial space located in Oakland, California. EBALDC is currently the initial limited partner holding 99.99% limited partner interest.

East Bay Capital Portfolio II Fund IV, L.P. – EBALDC, via its wholly owned entity EBALDC Portfolio II, Fund IV, LLC, holds a 0.01% general partner interest in this entity formed to invest in and acquire a fee interest in residential multifamily properties in Alameda County and Contra Costa County, to rehabilitate, own, lease, maintain, operate, finance, mortgage, encumber, sell and otherwise deal with such properties. EBALDC, via its wholly controlled nonprofit organization, Madison Park Housing, Inc. is currently the initial limited partner holding 99.99% limited partner interest.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 1 – Organization (continued)

Single member LLCs and nonprofit corporations under common control that hold noncontrolling co-general partner interests in limited partnerships providing affordable housing that are not consolidated in these financial statements are as follows. EBALDC accounts for these investments using the equity method.

<u>Nonprofit Corporations and LLCs</u>	<u>Limited Partnerships</u>
Lion Creek I LLC	Oakland Coliseum Housing Partners, L.P.
Lion Creek II LLC	Lion Way Housing Partners, L.P.
Lion Creek III LLC	Creekside Housing Partners, L.P.
Lion Creek IV LLC	Village-Side Housing Partners, L.P.
Lion Creek V LLC	Lion Creek Senior Housing Partners, L.P.
EBALDC	Noble Tower Preservation, L.P.
EBALDC Lillie Mae Jones LLC	Lillie Mae Jones Plaza, L.P.
EBALDC 1515 Lakeside LLC	Lakeside Drive Senior Housing, L.P.

Note 2 – Summary of significant accounting policies and nature of operations

Principles of consolidation

The consolidated financial statements include the accounts of EBALDC, other nonprofit corporations that are commonly controlled by EBALDC’s board of directors, including those nonprofit corporations that are majority controlled by EBALDC, and other entities controlled by EBALDC. Partnerships that are controlled by EBALDC, regardless of ownership percentage, are included in the consolidated financial statements.

The portion of the equity of consolidated entities that are not owned or controlled by EBALDC is shown as noncontrolling interests within net assets without donor restrictions.

All material intercompany transactions between consolidated entities have been eliminated.

Partnerships in which EBALDC invests but does not control are accounted for using the equity method.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies and nature of operations (continued)

Basis of presentation

EBALDC is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of EBALDC. These net assets may be used at the discretion of EBALDC's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of EBALDC or by the passage of time. Other donor restrictions are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities.

Basis of accounting

EBALDC and subsidiaries prepare their consolidated financial statements on the accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Use of estimates

The preparation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Economic concentrations

EBALDC and subsidiaries develop and operate properties located in northern California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in low-income housing subsidies or the demand for such housing.

Business combinations

EBALDC and subsidiaries account for the business combinations using the acquisition method. Identifiable assets acquired and liabilities assumed are measured at their acquisition date fair values. Acquisition related costs are expensed when incurred.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies and nature of operations (continued)

Cash and cash equivalents

Cash and cash equivalents include all cash balances on deposit with financial institutions and highly liquid investments with a maturity of three months or fewer at the date of acquisition.

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, annual payments of tax and insurance, debt service payments, payments of certain asset management fees, repayment of construction loans, and refunds of tenant security deposits. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor imposed restrictions.

Concentration of credit risk

EBALDC and subsidiaries maintain their cash in bank deposit accounts which, at times, may exceed federally insured limits. EBALDC and subsidiaries have not experienced any losses in such accounts. EBALDC and subsidiaries believe they are not exposed to any significant credit risk on cash and cash equivalents.

Fair value measurements

EBALDC applies the accounting provisions related to fair value measurements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Fair value measurement standards establish a three level hierarchy that prioritizes the information used in developing fair value estimates, and require disclosure of fair value measurements by level within the fair value hierarchy.

The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the reporting entity's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- Level 1:* Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2:* Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3:* Unobservable inputs that reflect EBALDC's own assumptions.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
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Note 2 – Summary of significant accounting policies and nature of operations (continued)

Fair value measurements (continued)

In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, the disclosed level within the hierarchy is based on the lowest level of input that is significant to the fair value measurement. Assessment of the significance of a particular input to the fair value measurement in its entirety requires judgment and considers factors specific to the item being measured.

Other investments

EBALDC's other investments include corporate equity securities. These investments are carried at fair market value as of the consolidated statements of financial position dates and are classified by the fair value level measurement hierarchy described in the preceding fair value measurements paragraph.

Receivables

Receivables consist of amounts due from tenants of rental properties, refundable deposits, property tax refund receivables, interest on notes receivable, grants receivable which primarily consist of unconditional promises to give, and balances due from related parties and others for development, program and management services provided by EBALDC. An allowance for doubtful collections is based on a review of outstanding receivables, historical collection information, and existing economic conditions. During 2021 and 2020, EBALDC recorded allowances in the amount due from tenants of \$309,976 and \$257,944, respectively. These amounts are included in allowance for bad debt on the accompanying consolidated statements of functional expenses. As of December 31, 2021 and 2020, allowance for doubtful collections from tenants was \$535,543 and \$257,944, respectively.

Notes receivable

Notes receivable are carried at their outstanding principal balance, less an allowance for loan losses. Interest income is accrued on the principal loan balance. Management's determination of the level of allowance for loan losses rests upon various judgments and assumptions, including current and projected economic conditions. These amounts are included in allowance for bad debt on the accompanying consolidated statements of functional expenses. As of December 31, 2021 and 2020, allowance for loan losses was \$2,349,757.

Real estate held for sale

Real estate held for sale consists of capitalized costs incurred during the development Pacific Renaissance Plaza Condominiums projects, which are held for sale to low to moderate-income homebuyers. Capitalized costs include direct construction costs and indirect soft costs incurred during construction, including interest, all of which are recorded at cost.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies and nature of operations (continued)

Development in progress

EBALDC and subsidiaries incur 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 consideration, as well as construction costs. EBALDC and subsidiaries record these costs as assets and the costs are usually recoverable from the project either from loan proceeds, limited partner contributions or residual receipts generated by project operations. Any funds expended on a project that does not pass beyond the development stage are charged to abandoned project costs when activity on such project ceases.

Capitalization policy

EBALDC and subsidiaries capitalize expenditures or betterments that materially increase asset lives of one year or more and meet the threshold amount for minimum capitalization of \$5,000, including acquisition and installation costs on the same invoices. EBALDC and subsidiaries charge recurring repairs and maintenance activities performed to keep assets in their ordinary efficient operating condition to operations as incurred. A cost is considered a betterment if it is reasonably expected to materially increase the productivity, efficiency, strength, quality, or output of an asset or is a material addition to an asset. When assets are sold or otherwise disposed of, the costs and related accumulated depreciation are removed from the accounts and any resulting gain or loss is included in operations.

Property and equipment and depreciation

Property and equipment are stated at cost of acquisition or construction. EBALDC acquired certain property in prior years for nominal amounts. These assets were recorded at cost as of the acquisition dates, and these amounts may materially differ from current values. The costs of maintenance and repairs are expensed as incurred. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets. The useful lives of the assets are estimated as follows:

Buildings and improvements	5 to 50 years
Furniture and equipment	3 to 12 years

Impairment of long-lived assets

EBALDC and subsidiaries review their long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flow expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived asset is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during the years ended December 31, 2021 or 2020.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies and nature of operations (continued)

Deferred costs and amortization

Deferred costs include tax credit fees, leasing commissions, and social service coordination fees. Deferred costs are stated at cost and amortized on a straight-line basis. Tax credit fees are amortized over the 15 year tax credit compliance period. Leasing commissions are amortized over the terms of the underlying leases. Social service coordination fees are amortized over 20 years.

Investments in partnerships

Investments in partnerships that EBALDC and subsidiaries do not control are accounted for using the equity method. These investments are recorded at cost and then adjusted for their proportionate share of undistributed earnings or losses and any distributions received or contributions made. To the extent that EBALDC has no obligation to fund liabilities of the equity method investments beyond its investment, including loans and advances, the equity method investment balance should not be reduced below zero. To the extent that equity losses are incurred when EBALDC's carrying value of its equity method investment has reached a zero balance and EBALDC has no obligation to advance additional funds to the equity method investment, any additional losses will be suspended to be used against future income.

EBALDC has adopted the nature of distributions approach for the classification of distributions received from equity method investments in the statement of cash flows. In accordance with this approach, distributions received from equity method investments are classified as either operating or investing cash inflows based on the nature of the activities that generated the distributions. Returns on investments are classified as operating activities in the statement of cash flows, while returns of investment are classified as investing activities.

EBALDC and subsidiaries evaluate their investments in partnerships for impairment in value and record a write-down if it is determined that any impairment in value is other than temporary. No such write-downs have been recorded in the accompanying consolidated financial statements, as management believes that the proportionate share of the sum of estimated cash flows from the underlying investments, the related low-income housing tax credits and other tax benefits is not less than the recorded investment in each partnership.

Ground leases

EBALDC owns land that is leased to consolidated entities under various long-term ground lease agreements. Certain consolidated entities lease land from unrelated entities pursuant to long-term ground lease agreements. All ground leases are accounted for as operating leases.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 2 – Summary of significant accounting policies and nature of operations (continued)

Sales-type lease

EBALDC, as lessor, has a 65-year master lease agreement with Swans Marketplace, Inc., an unrelated party, to lease a commercial property. EBALDC accounts for the master lease as a sales-type lease because: (a) the lease is deemed to transfer ownership of the leased property to the lessee by the end of the lease term; (b) the lease contains a bargain purchase option; (c) the lease term is equal to 75% or more of the estimated economic life of the leased property; (d) the present value at the beginning of the lease term of the minimum lease payments calculated using the interest rate implicit in the lease exceeds 90% of the fair value of the lease property at lease inception; and (e) the lease gives rise to a loss since the fair value of the leased property at lease inception was less than its carrying value. The lease involves both land and buildings. Since the fair value of the land is less than 25% of the total fair value of the leased property at lease inception, the land and buildings are treated as a single unit for purposes of applying the lease term criterion.

Operating leases

Operating lease expense is recognized on a straight-line basis over the term of the underlying lease. The cumulative difference between expense recognized and amount due under the lease agreement is recorded as deferred lease payable on the accompanying consolidated statements of financial position.

EBALDC Oakland portfolio capital reserve

EBALDC recognizes amounts deposited from surplus cash generated from Frank G. Mar Apartments to the EBALDC Oakland portfolio capital reserve account as an increase in portfolio reserve expense and an increase in funds held in trust. EBALDC recognizes amounts subsequently transferred from the EBALDC Oakland portfolio capital reserve account to EBALDC properties for maintenance and improvements and as approved by the City of Oakland as an increase in portfolio capital reserve revenue and a decrease in funds held in trust. See Note 15.

Revenue recognition

Rental revenue: Rental revenue attributable to residential and commercial leases is recorded when due from tenants, generally upon the first day of the month. Revenue recognition reasonably approximates straight-line lease revenue recognition. Rental units occupied by employees are also shown as a reduction in rental income. Residential and commercial rental revenue is received predominately under short-term and long-term leases, respectively.

Management and service fees: EBALDC earns management and services fees for property management, asset management, partnership and LLC management and for resident services provided for the various properties it owns or in which it invests. These fees are recognized when the identified performance obligations under the identified contract or agreement has been satisfied based on the allocation of the determined transaction price to the performance obligation. The transaction price is based on factors such as number of units within a property. Judgement regarding costs incurred to fulfill performance obligations is based on management's interpretation of terms and conditions outlined in the underlying contract or agreement.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies and nature of operations (continued)

Revenue recognition (continued)

Contributions and grants: Contributions are recognized as revenue when they are unconditionally given. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at fair value as unrestricted or 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), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the consolidated statements 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. Contributions restricted for the purchase of long-lived assets are reported as unrestricted support.

EBALDC and subsidiaries receive grants from government agencies and other nonprofit organizations for the development of affordable housing and administration of its self-help financial development programs. Management has determined that these funds are non-reciprocal transfers of assets for value by the grantors, and accordingly, are treated as contributions.

EBALDC has entered into agreements with various agencies and organizations wherein it acts as an agent. Funds received and expended under such arrangements are deemed to be pass-through transactions, and accordingly, are not reflected in the consolidated statements of activities.

Developer fees: EBALDC earns developer fees for its role in the development of affordable housing and commercial properties. These fees are recognized when the identified performance obligations under the identified agreements has been satisfied based on the allocation of the determined transaction price to the performance obligation. These fees are earned during the predevelopment period based on a specified percentage relating to services performed during the predevelopment phase of a project and the remainder of the developer fee recorded during the development period based on the percentage of completion method of accounting. The transaction price is based on factors such as financing restrictions. Judgement regarding costs incurred to fulfill performance obligations is based on management's interpretation of terms and conditions outlined in the underlying contract or agreement.

Program service fees: Program service fee revenue is recognized when earned and represents fees earned by EBALDC for other services provided under various agreements and contracts in connection with EBALDC's exempt purpose.

Gain (loss) from home sales: Revenue from home sales is recognized upon the closing of the sale. During construction, all direct costs are capitalized to development in progress and reclassified to real estate held for sale once construction is completed. Capitalized costs are expensed upon closing. Holding costs incurred in connection with completed homes, including marketing, selling, general and administrative costs, are charged to expense as incurred.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 2 – Summary of significant accounting policies and nature of operations (continued)

Revenue recognition (continued)

Other revenue: Other revenue includes fees for late payments, cleaning, damages, laundry facilities and other charges and is recognized when earned. Advance receipts of revenue are deferred and classified as liabilities until earned.

Functional expenses allocation

The costs of providing program services and supporting services are summarized on a functional basis in the consolidated statements of activities and consolidated statements of functional expenses. Certain costs are allocated among program services and supporting services based on estimates of employees' time incurred and on usage of resources.

Income taxes

EBALDC is exempt from federal income taxes under section 501(c)(3) of the Internal Revenue Code and the related California code sections. Income taxes on partnership income are levied on the partners at the partner level. Accordingly, all profits and losses of the partnerships are recognized by partners on their respective tax returns.

The preparation of consolidated financial statements in accordance with accounting principles generally accepted in the United States of America requires EBALDC and subsidiaries to report information regarding its exposure to various tax positions taken. Management has determined whether any tax positions have met the recognition threshold and has measured their exposure to those tax positions. Management believes that EBALDC and subsidiaries have adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal tax authorities generally have the right to examine and audit the previous three years of tax returns filed. California tax authorities generally have the right to examine and audit the previous four years of tax returns filed. Any interest or penalties assessed to EBALDC and subsidiaries are recorded in operating expenses. No interest or penalties from federal and state tax authorities were recorded in the accompanying consolidated financial statements.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

Subsequent events

Subsequent events have been evaluated through June 10, 2022, which is the date the financial statements were available to be issued, and there are no subsequent events requiring disclosure.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 3 – Restricted cash

As of December 31, 2021 and 2020, restricted cash consisted of the following:

	<u>2021</u>	<u>2020</u>
Replacement reserves	\$ 10,053,385	\$ 9,715,242
Operating reserves	9,955,152	9,068,740
Tenant security deposits	1,560,049	1,636,923
Development	746,667	6,855,162
Deposits held in escrow	20,957,146	23,321,749
Section 8 reserve	171,365	173,568
Transition reserve	1,500,094	1,500,010
Self-help financial development programs	167,886	167,882
EBALDC Oakland portfolio capital reserve	1,969,341	1,761,369
Housing acquisition reserves	943,593	1,171,493
Loan reserves	317,050	317,052
Holdback for seismic strengthening	80,000	104,622
Total restricted cash	<u>\$ 48,421,728</u>	<u>\$ 55,793,812</u>

Replacement reserves

Requirements for reserve funding vary by project. Partnership and operating agreements, regulatory agreements and loan agreements establish annual deposit requirements. Replacement reserves are generally restricted for property repairs and capital improvements necessary to maintain the project in good condition.

Operating reserves

Requirements for reserve funding vary by project. Partnership and operating agreements, regulatory agreements and loan agreements establish annual deposit requirements. Operating reserves are generally restricted for the payment of operating expenses when operating revenue is not sufficient to cover such expenses.

Tenant security deposits

EBALDC and subsidiaries maintain separate accounts for tenant security deposits for each property.

Development

Cash restricted for development is comprised of funds designated for the development of various projects. Projects for which funds were designated for development at December 31, 2021 primarily included Chinatown BART Senior Housing for \$216,375, West Grand & Brush, LLC for \$214,620, and Frank G Mar, L.P. for \$188,403. Projects for which funds were designated for development at December 31, 2020 primarily included San Pablo Hotel Associates II, L.P for \$6,546,327.

Deposits held in escrow

Deposits held in escrow represent funds held in accordance with various lender requirements, generally for the payment of property taxes and insurance.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
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December 31, 2021 and 2020

Note 3 – Restricted cash (continued)

Section 8 reserve

JLG Senior Housing, L.P., a consolidated partnership, maintains a Section 8 reserve in accordance with various lenders' regulatory agreements.

Transition reserve

Giant Development, L.P. and Fruitvale Transit Village II-A, L.P., consolidated partnerships, maintain transition reserves in accordance with various lenders' regulatory agreements.

Self-help financial development programs

EBALDC runs several programs, as part of its Family Economic Success program, that support the long-term economic stability and advancement of individuals and families by providing income and asset development services and connection to comprehensive resources. Cash restricted for these programs consists of cash designated for use in administering the programs as well as Individual Development Accounts held on behalf of participants in the programs.

EBALDC Oakland portfolio capital reserve

In 2010, EBALDC received authorization from the City of Oakland (the "City") to defer payments owed to the City out of the surplus cash of properties wholly owned by EBALDC, namely Madison Park Apartments and Frank G. Mar Apartments. Instead, funds were transferred to EBALDC and deposited in a designated reserve account to be used for maintenance on other EBALDC properties located in the City and as approved by the City.

Housing acquisition reserves

Funds from a loan and grant from the San Francisco Foundation to be used for housing acquisition funds.

Loan reserves

EBALDC Bond 2012 LLC, a wholly owned company, maintains loan reserves to make payments of principal or interest on the revenue bonds if sufficient funds are not available in its checking accounts.

Holdback for seismic strengthening

East Bay Capital Fund II, L.P. and East Bay Highland Palms II, L.P., consolidated partnerships, have funds retained by the City of Oakland for future seismic strengthening repairs. East Bay Capital Fund I, L.P., a consolidated partnership has funds retained by First Republic Bank for future seismic strengthening repairs.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 4 – Other investments

EBALDC’s other investments consist of corporate equity securities and are measured and recognized at fair value on a recurring basis classified under Level 1 of the fair value hierarchy. They are classified under Level 1 because they are valued using quoted market prices. As of December 31, 2021 and 2020, EBALDC’s other investments were valued at \$4,380 and \$3,510, respectively. For the years ended December 31, 2021 and 2020, EBALDC recognized an unrealized gain (loss) on securities of \$870 and (\$816), respectively.

Note 5 – Real estate held for sale

As of December 31, 2021 and 2020, real estate held for sale consisted of 0 and 1 condominium, respectively at Pacific Renaissance Plaza with an allocated cost of \$0 and \$222,504, respectively. During 2021, the last unit was sold. Sales proceeds were \$350,000 and cost of sales, including holding costs of \$26,275 was \$249,229, resulting in a gain of \$100,771. This amount is included with gain on disposal of fixed assets, net on the accompanying consolidated statements of activities.

Note 6 – Development in progress

As of December 31, 2021 and 2020, development in progress consisted of the following:

	<u>2021</u>	<u>2020</u>
LakeHouse Commons Affordable Housing, L.P.	\$ 5,008,221	\$ 4,849,549
Frank G Mar, L.P.	-	4,224,274
West Grand & Brush LLC	4,945,420	3,902,446
285 12 th Street, L.P.	2,328,794	1,595,103
Phoenix 801 Pine, L.P.	1,706,618	1,547,489
East Bay Capital Fund I, L.P.	1,694,527	1,536,684
34 th & San Pablo, L.P.	1,417,997	1,132,213
East Bay Capital Fund II, L.P.	875,899	342,215
Chinatown BART Senior Housing	708,168	272,651
East Bay Capital Portfolio II Fund IV, L.P.	656,501	294,277
Chinatown BART Family Housing	333,038	242,731
East Bay Capital Fund III, L.P.	8,576	794,508
East Bay Capital Portfolio I Fund IV, L.P.	14,260	181,421
Other projects	<u>259,873</u>	<u>240,684</u>
Total development in progress	<u>\$ 19,957,892</u>	<u>\$ 21,156,245</u>

Interest expense capitalized to development in progress during the years ended December 31, 2021 and 2020 was \$1,208,166 and \$691,389, respectively.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 7 – Property and equipment, net

As of December 31, 2021 and 2020, property and equipment consisted of the following:

	<u>2021</u>	<u>2020</u>
Land	\$ 35,992,650	\$ 35,992,650
Land improvements	7,041,791	7,041,791
Buildings and improvements	384,003,436	361,103,293
Furniture and equipment	<u>6,226,148</u>	<u>5,069,986</u>
	433,264,025	409,207,720
Less accumulated depreciation	<u>(96,813,206)</u>	<u>(86,736,670)</u>
Total property and equipment, net	<u>\$ 336,450,819</u>	<u>\$ 322,471,050</u>

Depreciation expense for the years ended December 31, 2021 and 2020 was \$10,246,665 and \$10,007,169, respectively. During 2021 and 2020, EBALDC and subsidiaries wrote off fixed assets in the amount of \$1,281,200 and \$866,904, respectively and associated accumulated depreciation of \$170,129 and \$292,580, respectively for damaged assets at various properties. The write off resulted in a net casualty loss of \$1,111,071 and \$574,324, respectively. During 2021 and 2020, EBALDC and subsidiaries received insurance proceeds totaling \$1,119,584 and \$0, respectively. During 2021 and 2020, the write-off of damaged assets and insurance proceeds resulted in a net gain (loss) of \$8,513 and (\$574,324), respectively. These amounts are included with gain on disposal of fixed assets, net on the accompanying consolidated statements of activities.

Note 8 – Deferred costs, net

As of December 31, 2021 and 2020, deferred costs consisted of the following:

	<u>2021</u>	<u>2020</u>
Tax credit fees	\$ 796,323	\$ 790,442
Leasing commissions	213,366	213,366
Social service coordination fees	<u>71,000</u>	<u>71,000</u>
	1,080,689	1,074,808
Less accumulated amortization	<u>(690,955)</u>	<u>(628,335)</u>
Total deferred costs, net	<u>\$ 389,734</u>	<u>\$ 446,473</u>

Amortization expense for the years ended December 31, 2021 and 2020 was \$62,620 and \$69,834, respectively.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 9 – Investments in partnerships

EBALDC has noncontrolling financial interests in the following limited partnerships that are accounted for using the equity method:

<u>Partnership</u>	Percentage interest	<u>Investment balance</u>	
		2021	2020
Oakland Coliseum Housing Partners, L.P.	0.0051%	\$ -	\$ -
Lion Way Housing Partners, L.P.	0.0051%	-	-
Creekside Housing Partners, L.P.	0.0051%	966,335	1,024,884
Village-Side Housing Partners, L.P.	0.0051%	1,199,304	1,199,356
Lion Creek Senior Housing Partners, L.P.	0.0050%	894,598	899,826
Noble Tower Preservation, L.P.	0.0050%	-	800,000
Lakeside Drive Senior Housing, L.P.	0.0049%	124	108
Lillie Mae Jones Plaza, L.P.	40.0000%	(1,024,844)	(890,747)
		<u>\$ 2,035,517</u>	<u>\$ 3,033,427</u>

The following is a summary of the financial position of these partnerships at December 31, 2021:

	<u>Total Assets</u>	<u>Total Liabilities</u>	<u>Equity (Deficit)</u>
Oakland Coliseum Housing Partners, L.P.	\$ 22,155,507	\$ 23,036,421	\$ (880,914)
Lion Way Housing Partners, L.P.	22,627,170	27,273,344	(4,646,174)
Creekside Housing Partners, L.P.	27,549,480	23,976,680	3,572,800
Village-Side Housing Partners, L.P.	23,842,174	24,614,479	(772,305)
Lion Creek Senior Housing Partners, L.P.	27,981,654	15,093,818	12,887,836
Lakeside Drive Senior Housing, L.P.	128,416,350	88,052,817	40,363,533
Lillie Mae Jones Plaza, L.P.	9,035,122	11,740,777	(2,705,655)
Total	<u>\$ 261,607,457</u>	<u>\$ 213,788,336</u>	<u>\$ 47,819,121</u>

The following is a summary of the activities of these partnerships for the year ended December 31, 2021:

	<u>Total Revenue</u>	<u>Total Expenses</u>	<u>Net Income (Loss)</u>
Oakland Coliseum Housing Partners, L.P.	\$ 1,676,567	\$ 2,576,620	\$ (900,053)
Lion Way Housing Partners, L.P.	2,289,748	3,858,084	(1,568,336)
Creekside Housing Partners, L.P.	1,645,251	2,731,902	(1,086,651)
Village-Side Housing Partners, L.P.	1,097,381	2,088,544	(991,163)
Lion Creek Senior Housing Partners, L.P.	2,812,511	2,237,089	575,422
Lakeside Drive Senior Housing, L.P.	6,685,576	6,359,384	326,192
Lillie Mae Jones Plaza, L.P.	467,932	802,480	(334,548)
Total	<u>\$ 16,674,966</u>	<u>\$ 20,654,103</u>	<u>\$ (3,979,137)</u>

**EAST BAY ASIAN LOCAL DEVELOPMENT
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December 31, 2021 and 2020

Note 9 – Investments in partnerships (continued)

The following is a summary of the financial position of these partnerships at December 31, 2020:

	Total <u>Assets</u>	Total <u>Liabilities</u>	Equity <u>(Deficit)</u>
Oakland Coliseum Housing Partners, L.P.	\$ 22,989,069	\$ 22,969,930	\$ 19,139
Lion Way Housing Partners, L.P.	24,314,108	27,230,927	(2,916,819)
Creekside Housing Partners, L.P.	28,708,575	23,902,523	4,806,052
Village-Side Housing Partners, L.P.	24,794,002	24,550,621	243,381
Lion Creek Senior Housing Partners, L.P.	28,675,667	16,329,340	12,346,327
Lakeside Drive Senior Housing, L.P.	105,035,495	88,581,213	16,454,282
Lillie Mae Jones Plaza, L.P.	9,314,335	11,684,745	(2,370,410)
Total	<u>\$ 243,831,251</u>	<u>\$ 215,249,299</u>	<u>\$ 28,581,952</u>

The following is a summary of the activities of these partnerships for the year ended December 31, 2020:

	Total <u>Revenue</u>	Total <u>Expenses</u>	Net <u>Income (Loss)</u>
Oakland Coliseum Housing Partners, L.P.	\$ 1,617,403	\$ 2,599,018	\$ (981,615)
Lion Way Housing Partners, L.P.	2,229,095	3,744,641	(1,515,546)
Creekside Housing Partners, L.P.	1,658,965	2,585,332	(926,367)
Village-Side Housing Partners, L.P.	1,048,040	2,057,975	(1,009,935)
Lion Creek Senior Housing Partners, L.P.	2,683,733	2,556,552	127,181
Lakeside Drive Senior Housing, L.P.	7,304,344	5,306,802	1,997,542
Lillie Mae Jones Plaza, L.P.	483,197	725,515	(242,318)
Total	<u>\$ 17,024,777</u>	<u>\$ 19,575,835</u>	<u>\$ (2,551,058)</u>

For the years ended December 31, 2021 and 2020, EBALDC's equity in the income (losses) of the partnerships shown above was \$35,435 and (\$102,431), respectively, which was included in income (loss) from investments in partnerships on the accompanying consolidated statements of activities. During 2021 and 2020, various equity method investments incurred losses that reduced EBALDC's investment to \$0. During 2021 and 2020, EBALDC suspended losses from equity method investments in the amount of \$740,342 and \$655,854 respectively. As of December 31, 2021 and 2020, EBALDC has suspended cumulative losses in the amount of \$1,396,196 and \$655,854, respectively. The losses will be recognized in the future against either investment in partnerships or income.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 9 – Investments in partnerships (continued)

The table below presents information about the changes in investments in partnerships for the years ended December 31, 2021 and 2020:

Balance, January 1, 2020	\$ 3,242,454
Distributions from investment in partnerships	(106,596)
Loss from investment in partnerships	<u>(102,431)</u>
Balance, December 31, 2020	3,033,427
Distributions from investment in partnerships	(1,033,345)
Income from investment in partnerships	<u>35,435</u>
Balance, December 31, 2021	<u>\$ 2,035,517</u>

Note 10 – Transactions with related parties

Development, management and services fees

EBALDC receives various fees for services provided and receives reimbursements for allocated operating expenses from related parties. These include fees for the development of affordable housing, project cost reimbursements for costs advanced during the predevelopment stage of affordable housing projects, fees pursuant to partnership and operating agreements, and repayment of operating advances made by EBALDC. Transactions with consolidated entities have been eliminated.

As of December 31, 2021 and 2020, related party receivables consisted of the following:

Developer fees receivable

	<u>2021</u>	<u>2020</u>
Oakland Coliseum Housing Partners, L.P.	\$ 170,329	\$ 170,329
Lakeside Drive Senior Housing, L.P.	<u>1,096,475</u>	<u>-</u>
Total developer fees receivable	<u>\$ 1,266,804</u>	<u>\$ 170,329</u>

During 2021 and 2020, EBALDC earned developer fees of \$1,096,475 and \$0, respectively.

Partnership management fees receivable

	<u>2021</u>	<u>2020</u>
Lillie Mae Jones Plaza, L.P.	<u>\$ 7,200</u>	<u>\$ 7,891</u>

During the years ended December 31, 2021 and 2020, EBALDC earned partnership management fees from investees that are not consolidated in the amount of \$134,388 and \$205,716, respectively, which are included in management and service fees on the accompanying consolidated statements of activities.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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December 31, 2021 and 2020

Note 10 – Transactions with related parties (continued)

Development, management and services fees (continued)

Resident services fees receivable

	<u>2021</u>	<u>2020</u>
Oakland Coliseum Housing Partners, L.P.	\$ 2,606	\$ 2,606
Lion Way Housing Partners, L.P.	3,309	3,309
Creekside Housing Partners, L.P.	2,402	2,402
Village-Side Housing Partners, L.P.	1,561	1,561
Lion Creek Senior Housing, L.P.	5,250	5,250
Noble Tower Preservation, L.P.	5,693	5,403
Lillie Mae Jones Plaza, L.P.	-	51,750
Total resident services fees receivable	<u>\$ 20,821</u>	<u>\$ 72,281</u>

During the years ended December 31, 2021 and 2020, EBALDC earned resident services fees from investees that are not consolidated in the amount of \$73,903 and \$67,195, respectively, which are included in management and service fees on the accompanying consolidated statements of activities.

Property management and bookkeeping fees

During the years ended December 31, 2021 and 2020, EBALDC earned property management and bookkeeping fees from investees that are not consolidated in the amount of \$35,016 and \$18,108, respectively, which are included in management and service fees on the accompanying consolidated statements of activities.

Due to related parties

As of December 31, 2021 and 2020, due to related parties consisted of the following:

Asset management fees payable

For services provided pertaining to asset management, limited partners in consolidated partnerships are entitled to receive asset management fees in amounts specified in the partnership agreements. As of December 31, 2021 and 2020, asset management fees payable were \$99,588 and \$80,911, respectively, which are included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
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Note 11 – Notes receivable

Swans Fund and 1825 Fund

During 2013, EBALDC advanced leveraged loan proceeds totaling \$10,696,000 to Chase NMTC Swans Investment Fund, LLC (“Swans Fund”) and Chase NMTC 1825 Investment Fund, LLC (“1825 Fund”) as part of the new markets tax credit financing for Swans Marketplace, Inc. and 1825 San Pablo Ave LLC in Oakland, California. The compliance period for the new market tax credit investments ended on October 31, 2020. Interest rates and terms of these notes are summarized as below:

	<u>Note Amount</u>	<u>Interest Rate</u>	<u>Maturity Date</u>
<u>Swans Fund</u>			
Note A ⁽¹⁾	\$ 3,237,850	6.1439%	06/30/2021
Note B ⁽²⁾	3,447,150	1%	10/31/2043
Note C ⁽²⁾	882,163	1%	10/31/2043
<u>1825 Fund</u>			
Note D ⁽¹⁾	3,008,250	6.9084%	10/31/2020
Note E ⁽²⁾	120,587	1%	10/31/2043
	<u>\$ 10,696,000</u>		

⁽¹⁾ These notes required monthly interest-only payments until maturity.

⁽²⁾ These notes required monthly interest-only payments through October 31, 2020. Thereafter, monthly payments were due and receivable based on a 23-year amortization schedule until maturity.

During 2021, Chase Community Equity, LLC (the “NMTC Investor”) exercised a put option to sell its interest in Swans Fund to EBALDC for \$1,000. During 2021, \$2,974,359 of Note A was repaid and the remaining balance was forgiven. During 2021, Note B and C were forgiven in full.

During 2020, the NMTC Investor exercised a put option to sell its interest in 1825 Fund to EBALDC for \$1,000. During 2020, \$2,819,233 of Note D was repaid and the remaining balance was forgiven.

People’s Community Market

During 2018, utilizing grant proceeds received from the U.S Department of Health and Human Services, EBALDC entered into a loan agreement with People’s Community Market (“PCM”) and advanced funds totaling \$675,000 for the construction of a new people’s community market in Oakland, California. The loan bears simple interest at 0.75% per annum and matures on September 21, 2039. No payment shall be required if no default or breach has occurred through maturity date.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 11 – Notes receivable (continued)

Ella Baker Center for Human Rights

During 2018, utilizing grant proceeds received from the U.S Department of Health and Human Services, EBALDC entered into a loan agreement with Ella Baker Center for Human Rights (“EBC”) and advanced funds totaling \$44,401. The loan bears simple interest at 0.75% per annum and matures on November 21, 2052. Principal payments are deferred until November 21, 2024. Thereafter, annual principal payments equal to the outstanding principal divided by the remaining annual term of the loan shall be made out of 50% of EBC’s share of membership distributions from the LLC's annual cash flow.

Restaurant Opportunities Centers

During 2018, utilizing grant proceeds received from the U.S Department of Health and Human Services, EBALDC entered into a loan agreement with Restaurant Opportunities Centers (“ROC”) and advanced funds totaling \$666,015. The loan bears simple interest at 0.75% per annum and matures on November 21, 2052. Principal payments are deferred until November 21, 2024. Thereafter, annual principal payments equal to the outstanding principal divided by the remaining annual term of the loan shall be made out of 50% of ROC’s share of membership distributions from the LLC's annual cash flow.

MarketSkills, Inc.

During 2018, in connection with the sale of property to PCM, EBALDC entered into a loan agreement with MarketSkills, Inc., an affiliate of PCM, and advanced funds totaling \$964,341. The loan bears simple interest at 1.00% per annum and matures on December 20, 2033. Commencing on December 1, 2019, MarketSkills, Inc. shall make annual interest payments that will accrue from January 1 through November 30 of each year.

2116 Brush, LLC

During 2020, in connection with the sale of land to 2116 Brush, LLC, WGB LLC entered into a loan agreement with 2116 Brush, LLC. and advanced funds totaling \$2,350,000. The loan bears simple interest at 6.00% per annum and matures on March 1, 2023.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 11 – Notes receivable (continued)

As of December 31, 2021 and 2020, EBALDC’s notes receivable and interest receivable consisted of the following:

	December 31, 2021			
	Interest Receivable	Principal	Allowance	Principal, Net
<u>Swans Fund</u>				
Note A	\$ -	\$ -	\$ -	\$ -
Note B	-	-	-	-
Note C	-	-	-	-
<u>1825 Fund</u>				
Note D	-	-	-	-
Note E	-	-	-	-
People’s Community Market	19,829	675,000	(675,000)	-
Ella Baker Center	-	44,401	(44,401)	-
Restaurant Opportunities Center	833	666,015	(666,015)	-
MarketSkills, Inc.	29,224	964,341	(964,341)	-
2116 Brush, LLC	215,399	2,100,000	-	2,100,000
Total	<u>\$ 265,285</u>	<u>\$ 4,449,757</u>	<u>\$ (2,349,757)</u>	<u>\$ 2,100,000</u>
	December 31, 2020			
	Interest Receivable	Principal	Allowance	Principal, Net
<u>Swans Fund</u>				
Note A	\$ 17,130	\$ 3,237,850	\$ -	\$ 3,237,850
Note B	2,968	3,447,150	-	3,447,150
Note C	760	882,163	-	882,163
<u>1825 Fund</u>				
Note D	-	-	-	-
Note E	-	-	-	-
People’s Community Market	14,738	675,000	(675,000)	-
Ella Baker Center	-	44,401	(44,401)	-
Restaurant Opportunities Center	-	666,015	(666,015)	-
MarketSkills, Inc.	19,582	964,341	(964,341)	-
2116 Brush, LLC	82,250	2,350,000	-	2,350,000
Total	<u>\$ 137,428</u>	<u>\$ 12,266,920</u>	<u>\$ (2,349,757)</u>	<u>\$ 9,917,163</u>

Interest income earned during the years ended December 31, 2021 and 2020 was \$194,721 and \$357,144, respectively, and is included in interest income on the accompanying consolidated statements of activities.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 11 – Notes receivable (continued)

Estimated aggregate principal payments on notes receivable for the next five years and thereafter are summarized as follows:

Year ending December 31,

	2022	\$	-
	2023		2,100,000
	2024		1,644
	2025		1,644
	2026		1,644
	Thereafter		<u>2,344,825</u>
	Total	\$	<u>4,449,757</u>

Note 12 – Notes payable

Government loans are generally either deferred until maturity or require payments from available cash flow of the operating partnerships and companies. Loans from financial institutions generally require monthly payments of principal and interest. Loans from other organizations are either deferred or require monthly payments.

Debt issuance costs are being amortized to interest expense over the terms of the underlying loans. Original issue discount reflects the difference between the face value and the fair value of the assumed debt in connection with business combinations and is amortized over the terms of the underlying loans using the interest method.

As of December 31, 2021 and 2020, EBALDC’s notes payable are summarized as follows:

	December 31, 2021			
	Principal			
	Face Value	Unamortized Debt Issuance Costs	Discount ⁽¹⁾	Principal, Net
City of Oakland	\$ 98,966,504	\$ (106,685)	\$ (6,741,547)	\$ 92,118,272
State of California - HCD	41,678,507	(125,634)	(1,561,955)	39,990,918
CalHFA	2,835,980	(117,755)	-	2,718,225
Other governmental agencies	17,659,904	(27,666)	(54,878)	17,577,360
CARES Act PPP Loan	1,924,321	-	-	1,924,321
Other financial institutions	129,953,337	(2,517,013)	-	127,436,324
Other organizations	<u>14,796,967</u>	<u>(79,468)</u>	-	<u>14,717,499</u>
Total	<u>\$ 307,815,520</u>	<u>\$ (2,974,221)</u>	<u>\$ (8,358,380)</u>	<u>\$ 296,482,919</u>

**EAST BAY ASIAN LOCAL DEVELOPMENT
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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 12 – Notes payable (continued)

	December 31, 2020			
	Principal			
	Face Value	Unamortized Debt Issuance Costs	Discount ⁽¹⁾	Principal, Net
City of Oakland	\$ 88,467,267	\$ (109,744)	\$ (6,775,164)	\$ 81,582,359
State of California - HCD	41,678,507	(129,829)	(1,545,327)	40,003,351
CalHFA	2,851,297	(120,557)	-	2,730,740
Other governmental agencies	20,666,156	(15,198)	(53,849)	20,597,109
CARES Act PPP Loan	1,873,000			1,873,000
Other financial institutions	135,372,482	(2,614,795)	-	132,757,687
Other organizations	14,449,896	(88,209)	-	14,361,687
Total	<u>\$ 305,358,605</u>	<u>\$ (3,078,332)</u>	<u>\$ (8,374,340)</u>	<u>\$ 293,905,933</u>

⁽¹⁾ Drasnin Manor, L.P., California Hotel Oakland, L.P. and Slim Jenkins Court Apartments, consolidated entities, assumed debt from various lenders in connection with the acquisition of their respective projects. The assumed debt was either noninterest bearing or bears interest at below fair value. As a result, an original issue discount was recorded and is being amortized over the term of the notes using the interest method.

As of December 31, 2021 and 2020, accrued interest, net consisted of the following:

	<u>2021</u>	<u>2020</u>
City of Oakland	\$ 19,088,973	\$ 16,978,180
State of California - HCD	7,355,509	6,543,111
CalHFA	501,456	527,526
Other governmental institutions	3,626,426	3,219,328
CARES Act PPP Loan	12,829	12,487
Other financial institutions	1,013,141	701,285
Other organizations	843,910	859,640
Total accrued interest, net	<u>\$ 32,442,244</u>	<u>\$ 28,841,557</u>

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 12 – Notes payable (continued)

As of December 31, 2021 and 2020, the interest rates and maturities on EBALDC’s notes payable are summarized as follows:

	<u>Interest Rate</u>	<u>Maturity</u>	<u>Effective Interest Rate</u>
City of Oakland	0.00%-6.00%	2022-2075	2.52%-4.12%
State of California - HCD	0.00%-3.31%	2024-2075	2.63%-3.04%
CalHFA	3.00%-6.75%	2040-2067	3.24%-7.31%
Other governmental agencies	0.00%-7.00%	2023-2072	2.65%-6.93%
Other financial institutions	0.00%-6.66%	2022-2072	1.13%-6.77%
Other organizations	0.00%-6.75%	2022-2032	3.17%-5.43%

Loan agreements may contain various restrictive covenants. Management is not aware of any violations of the covenants.

During the years ended December 31, 2021 and 2020, interest expense on mortgage loans was \$5,150,170 and \$7,185,084, respectively, and interest expense on deferred loans was \$3,951,595 and \$3,681,699, respectively. For 2021 and 2020, interest expense related to amortization of debt issuance costs totaled \$198,922 and \$1,259,324, respectively, and was included in interest expense – mortgage loans on the accompanying consolidated statements of activities. For 2021 and 2020, interest expense related to original issue discount totaled \$71,461 and \$62,694, respectively, and was included in interest expense – deferred loans on the accompanying consolidated statements of activities.

CARES Act Paycheck Protection Program Loan

During April 2020, EBALDC was a successful loan applicant to the CARES Act’s Paycheck Protection Program (“PPP”) in the amount of \$1,873,000. The purpose of the program is to provide resources to maintain payroll to offset the economic effects of the COVID-19 pandemic. The interest rate of the PPP loan is 1% and the first payment is deferred until August 2021. On July 14, 2021, \$1,873,000 in principal and \$12,487 in interest was forgiven in full. These amounts are included in debt forgiveness income on the accompanying consolidated statements of activities.

During April 2021, EBALDC successfully obtained a second loan in the amount of \$1,924,321. The purpose of the program is to provide resources to maintain payroll to offset the economic effects of the COVID-19 pandemic. The interest rate of the PPP loan is 1% and has a 5-year term. Upon substantiation of utilizing loan funds towards eligible expenses, the outstanding principal and interest will be forgiven.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 12 – Notes payable (continued)

Estimated aggregate principal payments on notes payable for the next five years and thereafter are subject to changes in each partnership’s cash flow and are summarized as follows:

Year ending December 31,

2022	\$	44,539,586
2023		13,221,607
2024		1,590,690
2025		1,627,548
2026		5,104,312
Thereafter		<u>241,731,777</u>
Total		<u>\$ 307,815,520</u>

Note 13 – Lines of credit

EBALDC holds a line of credit with Wells Fargo Bank, N.A. for a total commitment of \$500,000. The line of credit expires on August 1, 2022. Balances outstanding on the line of credit bear interest at 2%. Interest expense during 2021 and 2020 was \$10,000 in each year, and is included in interest expense - mortgage loans on the accompanying consolidated statements of functional expenses. As of December 31, 2021 and 2020, outstanding balance on the line of credit was \$500,000.

On November 30, 2016, EBALDC entered into a line of credit agreement with NeighborWorks Capital Corporation for a total commitment of \$4,600,000. The line of credit matures at various dates between 2022 and 2023. Balances outstanding on the line of credit bear interest between 5.25% and 5.75%. Interest expense during 2021 and 2020 was \$279,142 and \$21,199, respectively, and was capitalized to development in progress. As of December 31, 2021 and 2020, outstanding balance on the line of credit was \$4,776,924 and \$4,539,420, respectively.

On September 4, 2020, EBALDC entered into a line of credit agreement with Community Housing Capital, Inc. for a total commitment of \$1,500,000. The line of credit matures on September 4, 2021. Balances outstanding on the line of credit bear interest at 4.30%. Interest expense during 2021 and 2020 was \$15,969 and \$5,554, respectively, and is included in interest expense - mortgage loans on the accompanying consolidated statements of functional expenses. As of December 31, 2021 and 2020, outstanding balance on the line of credit was \$300,000.

On November 1, 2019, EBALDC entered into a line of credit agreement with Local Initiatives Support Corporation for a total commitment of \$4,000,000. The line of credit matures at various dates between May 2024 and October 2024. Balances outstanding on the line of credit bear interest at 6.00%. Interest expense during 2021 and 2020 was \$51,783 and \$3,991, respectively, and was capitalized to development in progress. As of December 31, 2021 and 2020, outstanding balance on the line of credit was \$1,016,205.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 13 – Lines of credit (continued)

On December 29, 2021, EBALDC entered into a line of credit agreement with Capital One, National Association for a total commitment of \$500,000. The line of credit matures on January 1, 2024. Balances outstanding on the line of credit bear interest at 2.25%. Interest expense during 2021 was \$0. As of December 31, 2021, outstanding balance on the line of credit was \$500,000.

Note 14 – Derivative financial instruments

Madison Park Housing Associates II, L.P.

During 2019, Madison Park Housing Associates II, L.P. entered into an interest rate swap master agreement with MUFG Union Bank to potentially minimize the effect of changes in the variable interest rate of the MUFG Union Bank loans that the partnership has. The original notional amount for the swap was \$7,080,399 with a termination date of November 1, 2020. Under the swap agreement, Madison Park Housing Associates II, L.P. pays interest at a fixed rate of 3.53% and receives interest from MUFG Union Bank at a variable interest rate, 79% of the USD-LIBOR 1M plus 1.4%. As of December 31, 2021 and 2020, the variable rate was lower than the fixed rate. MUFG Union Bank has estimated the fair value of the swap as of December 31, 2021 and 2020 by discounting the estimated net interest receipts and payments during the remaining life of the swap. The fair value for each swap transaction as of December 31, 2021 and 2020 was estimated to be a net interest payment. Derivative financial instruments are stated at fair value using significant other observable inputs (Level 2). As of December 31, 2021 and 2020, the fair value of the swap was a liability of \$1,243,447 and \$0, respectively. The changes are shown as an unrealized loss from derivative financial instruments on the accompanying consolidated statements of activities.

Note 15 – Funds held in trust

Old Oakland

Old Oakland at Swans Market Condominiums Association, a California nonprofit mutual benefit corporation (“Old Oakland”), manages residential condominiums that shares a common roofing system with Swans Marketplace, a commercial property wholly owned by EBALDC. EBALDC has agreed to be responsible for maintaining and repairing the roof when necessary. Old Oakland pays a monthly fee based on an annually approved total, currently \$476 per month, which represents 75% of estimated repair costs, and EBALDC pays for the remaining 25% of the estimated repair costs and holds the funds in trust until such time as maintenance is required. As of December 31, 2021 and 2020, the balance of Old Oakland funds received and held was \$0.

Other funds held in trust

EBALDC occasionally receives and distributes assets under certain agency and intermediary arrangements. These funds are held for various community service purposes as a pass-through. EBALDC has no discretion over the disposition of these funds and acts only as an intermediary agent. As of December 31, 2021 and 2020, the amount of other funds held in trust for others was \$4,910 and \$4,893, respectively.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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December 31, 2021 and 2020

Note 15 – Funds held in trust (continued)

EBALDC Oakland portfolio capital reserve

In 2010, EBALDC received authorization from the City to defer payments owed to the City out of the surplus cash of properties wholly owned by EBALDC, namely Madison Park Apartments and Frank G. Mar Apartments. Instead, funds were transferred to EBALDC and deposited into a designated reserve account to be used for maintenance on other EBALDC properties located in the City and as approved by the City. Madison Park Apartments stopped funding as of December 31, 2010. Pursuant to a loan repayment deferment agreement with the City, either the City or EBALDC shall have the right to terminate the agreement at any time, upon which EBALDC shall immediately repay the City any unexpended funds from the EBALDC Oakland portfolio capital reserve.

During 2021 and 2020, Frank G. Mar Apartments funded an additional \$207,802 and \$308,891, respectively, to the portfolio reserve. As of December 31, 2021 and 2020, funds held in trust related to the EBALDC Oakland portfolio capital reserve was \$2,037,028 and \$1,829,042, respectively.

Note 16 – Changes in consolidated net assets without donor restrictions

The changes in EBALDC’s consolidated net assets without donor restrictions are reconciled as follows:

	<u>Controlling Interest</u>	<u>Noncontrolling Interest</u>	<u>Total</u>
Balance, January 1, 2020	\$ (7,320,678)	\$ 63,085,910	\$ 55,765,232
Change in net assets without donor restrictions	(3,531,919)	(8,467,635)	(11,999,554)
Syndication costs	-	(195,535)	(195,535)
Capital contributions	-	50,339,756	50,339,756
Capital distributions	-	(471,944)	(471,944)
Acquisition of noncontrolling interests*	<u>9,009,581</u>	<u>(9,009,581)</u>	<u>-</u>
Balance, December 31, 2020	(1,843,016)	95,280,971	93,437,955
Change in net assets without donor restrictions	(3,846,639)	(10,093,229)	(13,939,868)
Syndication costs	-	(11,660)	(11,660)
Capital contributions	-	6,149,369	6,149,369
Capital distributions	-	(373,002)	(373,002)
Balance, December 31, 2021	<u>\$ (5,689,655)</u>	<u>\$ 90,952,449</u>	<u>\$ 85,262,794</u>

* During 2020, Madison Park Housing, Inc., assumed a 99.99% noncontrolling interest in Giant Development, L.P. and JLG Senior Housing, L.P. with net asset balances in the amount of \$8,439,658 and \$569,923, respectively.

**EAST BAY ASIAN LOCAL DEVELOPMENT
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Note 17 – Net assets with donor restrictions

During 2016, EBALDC received a capital grant from NeighborWorks Capital Corporation in the amount of \$150,000 to fund real estate development. During 2018 and 2017, \$10,000 and \$45,000, respectively, were used to make capital contributions to Hin-Nu Garvey Associates, L.P., a consolidated partnership, for development costs. During 2018, the remaining \$95,000 was loaned to Giant Development, L.P., a consolidated partnership, to fund certain construction defect remediation costs. During 2017, EBALDC received another capital grant from NeighborWorks Capital Corporation in the amount of \$150,000 to fund real estate development. This capital grant was loaned to West Grand & Brush LLC, a consolidated entity, for development costs. During 2018, EBALDC received another capital grant from NeighborWorks Capital Corporation in the amount of \$275,000 to fund real estate development. This capital grant was loaned to Giant Development, L.P., a consolidated partnership, to fund certain construction defect remediation costs. During 2019, EBALDC received \$290,000 in capital grants from NeighborWorks Capital Corporation of which \$170,325 was loaned to Giant Road Development, L.P., a consolidated partnership, to fund certain construction defect remediation costs and \$119,675 was given to East Bay Capital Fund I, a consolidated partnership, to pay back amounts that it owed to one of its residential properties, Mac Arthur II in the amount of \$42,490, and to West Grand & Brush LLC in the amount of \$77,185.

Net assets with donor restrictions are detailed below by purpose:

	January 1, 2021	Contributions	Released from Restrictions	December 31, 2021
Lion Creek Crossings resident services	\$ 25,000	\$ -	\$ (25,000)	\$ -
Youth program	296,725	69,250	(339,196)	26,779
Neighborhood economic development				
administration	86,518	157,280	(35,975)	207,823
Community building & organizing	56,226	20,000	(47,323)	28,903
SparkPoint Oakland	357,138	848,838	(937,285)	268,691
VITA program	-	41,000	(41,000)	-
Healthy Havenscourt Collaborative	240,941	10,000	(162,526)	88,416
San Pablo Area Revitalization				
Collaborative	83,714	-	(670)	83,044
Neighborhood Collaborations	305,312	253,000	(240,552)	317,760
Real Estate Development	1,974,515	225,000	(1,047,203)	1,152,312
EBALDC Oakland portfolio				
Capital reserve	1,761,369	207,972	-	1,969,341
General Support	347,857	1,727,500	(1,216,522)	858,835
Total net assets with donor restrictions	<u>\$ 5,535,315</u>	<u>\$ 3,559,840</u>	<u>\$(4,093,251)</u>	<u>\$ 5,001,904</u>

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
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Note 17 – Net assets with donor restrictions (continued)

	January 1, 2020	Contributions	Released from Restrictions	December 31, 2020
Lion Creek Crossings resident services	\$ 25,000	\$ 84,275	\$ (84,275)	\$ 25,000
Youth program	304,672	381,400	(389,347)	296,725
Neighborhood economic development administration	126,807	20,000	(60,289)	86,518
Community building & organizing	131,459	10,000	(85,233)	56,226
SparkPoint Oakland	151,201	564,000	(358,063)	357,138
VITA program	13,000	44,500	(57,500)	-
Healthy Havenscourt Collaborative	298,926	11,220	(69,205)	240,941
San Pablo Area Revitalization Collaborative	66,212	17,500	-	83,714
Neighborhood Collaborations	444,671	27,000	(166,359)	305,312
Real Estate Development	1,976,875	277,500	(279,860)	1,974,515
EBALDC Oakland portfolio Capital reserve	1,469,659	309,254	(17,544)	1,761,369
General Support	113,882	651,744	(417,767)	347,857
Total net assets with donor restrictions	<u>\$ 5,122,364</u>	<u>\$ 2,398,393</u>	<u>\$(1,985,442)</u>	<u>\$ 5,535,315</u>

Note 18 – Future minimum commercial rental revenue

Expected future minimum rentals from commercial tenants under non-cancelable operating leases for the next five years and thereafter are summarized as follows:

Year ending December 31,

2022	\$ 3,399,928
2023	2,863,672
2024	2,341,304
2025	1,188,428
2026	421,155
Thereafter	<u>292,167</u>
Total	<u>\$ 10,506,654</u>

Note 19 – Retirement plan

EBALDC established a tax deferred annuity plan under Internal Revenue Code Section 403(b) covering employees who meet certain age and length of service criteria, as defined in the plan. The plan allows employees to make voluntary contributions, and employer contributions are discretionary. Employer contributions made during the years ended December 31, 2021 and 2020 were \$0 and \$115,666, respectively, and are included in employee benefits on the accompanying consolidated statements of functional expenses.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
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December 31, 2021 and 2020

Note 20 – Commitments and contingencies

Low-income housing tax credit properties

EBALDC, as general partner, has provided operating deficit guarantees as well as indemnifications related to projected tax benefits for its various partnerships as applicable. Where applicable, EBALDC will cover operating deficits and tax credit deficiencies as needed up to certain limits as defined in the partnership agreements of its various partnerships. EBALDC does not require any collateral or other security from its partnerships related to these guarantees. During the years ended December 31, 2021 and 2020, EBALDC was not obligated to fund any operating deficiencies or tax credit deficiencies in any of its various partnerships.

Note 21 – Tax credits

Low-income housing tax credits

Partnerships consolidated in these financial statements generate low-income housing tax credits. Generally, such credits are expected to become available for use by the partners pro-rata over a ten-year period. In order to qualify for these credits, the respective projects must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates that do not exceed specified percentages of area median gross income for the first 15 years of operation. The partnerships have also agreed with the California Tax Credit Allocation Committee to maintain and operate the projects as low-income housing for various extended use periods after the initial 15 year period ends. Tax credits are subject to compliance with certain requirements. Accordingly, there can be no assurance that the aggregate amount of tax credits expected will be realized.

Note 22 – Operating lease with Swans Marketplace, Inc.

On October 31, 2013, EBALDC entered into a 15-year sub-lease agreement, an operating lease, with Swans Marketplace Inc., an unrelated party. EBALDC is required to make annual payments to the lessor as scheduled in the sub-lease agreement. During 2021 and 2020, EBALDC recognized lease expense of \$552,972 in each year, which is included in administrative expense on the accompanying consolidated statements of functional expenses. As of December 31, 2021 and 2020, deferred lease payable was \$1,141,487 and \$1,280,810, respectively.

Future annual lease payments and lease expense for the next five years and thereafter in connection with the sub-lease are estimated as follows:

Year ending December 31,

	<u>Payments</u>	<u>Lease expense</u>
2022	\$ 699,217	552,972
2023	706,210	552,972
2024	713,272	552,972
2025	720,404	552,972
2026	727,608	552,972
Thereafter	<u>1,353,412</u>	<u>1,013,781</u>
Total	<u>\$ 4,920,123</u>	<u>\$ 3,778,641</u>

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
December 31, 2021 and 2020

Note 23 – Liquidity and availability of financial assets

As of December 31, 2021 and 2020, EBALDC's financial assets available for general expenditure within one year of the statement of financial position date were \$74,416,820 and \$78,905,529, respectively. None of the financial assets included above are subject to donor or other contractual restrictions that make them unavailable for general expenditure within one year of the statement of financial position date. EBALDC's goal is generally to maintain financial assets to meet 120 days of operating expenses. In addition, EBALDC has lines of credit available to meet cash flow needs.

Note 24 – Vulnerability – Impact of COVID-19

The severity of the impact of COVID-19 on EBALDC's operations will depend on a number of factors, including, but not limited to, the duration and severity of the pandemic and the extent and severity of the impact on EBALDC's tenants, all of which are uncertain and cannot be predicted. EBALDC's future results could be adversely impacted by delays in rent collections and loan payments. Management is unable to predict with absolute certainty the impact of COVID-19 on its financial condition, results of operations or cash flows.

SUPPLEMENTARY INFORMATION

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULES OF FINANCIAL POSITION - EBALDC ONLY
December 31, 2021

This schedule includes the financial position of EBALDC and the following properties that are owned by EBALDC: 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasnin Commercial, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial and West Grand and Brush Commercial.

ASSETS	EBALDC General Fund	EBALDC Properties Fund	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 8,662,591	\$ 3,372,106	\$ -	\$ 12,034,697
Restricted cash	20,445,171	388,062	-	20,833,233
Other investments	4,380	-	-	4,380
Receivables:				
Rent	-	350,225	-	350,225
Related party receivables, current portion	15,252,338	266,516	(2,176,658)	13,342,196
Interest on notes receivable	49,886	-	-	49,886
Notes receivable, current portion	-	-	-	-
Grants receivable	1,291,208	-	-	1,291,208
Other	5,389	10,423	-	15,812
Prepaid expenses	23,373	14,692	-	38,065
Total current assets	<u>45,734,336</u>	<u>4,402,024</u>	<u>(2,176,658)</u>	<u>47,959,702</u>
Long-term assets:				
Development in progress	-	-	-	-
Property and equipment:				
Land	354,269	501,363	-	855,632
Buildings and improvements	370,400	15,944,346	-	16,314,746
Furniture and equipment	208,750	207,768	-	416,518
Less: accumulated depreciation	(348,620)	(10,139,636)	-	(10,488,256)
Direct financing lease due from related party	-	532,906	-	532,906
Deferred costs, net	-	19,042	-	19,042
Investments in partnerships	4,315,764	-	-	4,315,764
Related party receivables, net of current portion	69,149,980	(43,523)	(17,360,921)	51,745,536
Notes receivable, net	-	-	-	-
Total assets	<u>\$ 119,784,879</u>	<u>\$ 11,424,290</u>	<u>\$ (19,537,579)</u>	<u>\$ 111,671,590</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	\$ 860,497	\$ 88,166	\$ -	\$ 948,663
Tenant security deposits	100	252,049	-	252,149
Prepaid rent	-	78,061	-	78,061
Deferred revenue - developer fees	834,812	-	-	834,812
Due to related parties, current portion	45,241	2,292,359	(2,176,658)	160,942
Notes payable, current portion	-	-	-	-
Accrued interest on notes payable, current portion	12,829	-	-	12,829
Total current liabilities	<u>1,753,479</u>	<u>2,710,635</u>	<u>(2,176,658)</u>	<u>2,287,456</u>
Long-term liabilities:				
Funds held in trust	2,041,938	-	-	2,041,938
Deferred lease payable	-	1,141,487	-	1,141,487
Due to related parties, net of current portion	17,360,921	-	(17,360,921)	-
Direct financing lease obligation due to related party	-	5,039,550	-	5,039,550
Lines of credit, net	7,093,129	-	-	7,093,129
Notes payable, net	2,789,189	1,113,918	-	3,903,107
Accrued interest on notes payable, net of current portion	-	789,349	-	789,349
Total long-term liabilities	<u>29,285,177</u>	<u>8,084,304</u>	<u>(17,360,921)</u>	<u>20,008,560</u>
Total liabilities	<u>31,038,656</u>	<u>10,794,939</u>	<u>(19,537,579)</u>	<u>22,296,016</u>
Net assets:				
Without donor restrictions	83,744,319	629,351	-	84,373,670
With donor restrictions	5,001,904	-	-	5,001,904
Total net assets	<u>88,746,223</u>	<u>629,351</u>	<u>-</u>	<u>89,375,574</u>
Total liabilities and net assets	<u>\$ 119,784,879</u>	<u>\$ 11,424,290</u>	<u>\$ (19,537,579)</u>	<u>\$ 111,671,590</u>

see independent auditor's report on supplementary information

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULES OF FINANCIAL POSITION - EBALDC ONLY (CONTINUED)
December 31, 2020

This schedule includes the financial position of EBALDC and the following properties that are owned by EBALDC: 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasnin Commercial, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial and West Grand and Brush Commercial.

ASSETS	EBALDC General Fund	EBALDC Properties Fund	Eliminations	Total
Current assets:				
Cash and cash equivalents	\$ 5,814,051	\$ 3,026,323	\$ -	\$ 8,840,374
Restricted cash	20,464,118	514,987	-	20,979,105
Other investments	3,510	-	-	3,510
Receivables:				
Rent	-	767,444	-	767,444
Related party receivables, current portion	14,553,998	198,750	(2,061,214)	12,691,534
Interest on notes receivable	55,178	-	-	55,178
Notes receivable, current portion	3,406,392	-	-	3,406,392
Grants receivable	1,818,470	95,000	-	1,913,470
Other	41,136	5,135	-	46,271
Prepaid expenses	16,288	9,366	-	25,654
Total current assets	<u>46,173,141</u>	<u>4,617,005</u>	<u>(2,061,214)</u>	<u>48,728,932</u>
Long-term assets:				
Development in progress	-	93,578	-	93,578
Property and equipment:				
Land	354,269	501,363	-	855,632
Buildings and improvements	370,400	15,674,859	-	16,045,259
Furniture and equipment	208,750	207,768	-	416,518
Less: accumulated depreciation	(336,049)	(9,799,677)	-	(10,135,726)
Deferred costs, net	-	24,443	-	24,443
Investments in partnerships	3,126,043	-	-	3,126,043
Related party receivables, net of current portion	64,276,225	1,972,948	(19,367,444)	46,881,729
Notes receivable, net	4,160,771	-	-	4,160,771
Total assets	<u>\$ 118,333,550</u>	<u>\$ 13,292,287</u>	<u>\$ (21,428,658)</u>	<u>\$ 110,197,179</u>
LIABILITIES AND NET ASSETS				
Current liabilities:				
Accounts payable and accrued expenses	\$ 929,407	\$ 216,095	\$ -	\$ 1,145,502
Tenant security deposits	100	262,667	-	262,767
Prepaid rent	-	92,321	-	92,321
Deferred revenue - developer fees	1,868,677	-	-	1,868,677
Due to related parties, current portion	234,874	2,101,832	(2,094,789)	241,917
Notes payable, current portion	2,995,108	-	-	2,995,108
Accrued interest on notes payable, current portion	59,995	-	-	59,995
Total current liabilities	<u>6,088,161</u>	<u>2,672,915</u>	<u>(2,094,789)</u>	<u>6,666,287</u>
Long-term liabilities:				
Funds held in trust	1,833,950	-	-	1,833,950
Deferred lease payable	-	1,280,810	-	1,280,810
Due to related parties, net of current portion	19,333,869	-	(19,333,869)	-
Direct financing lease obligation due to related party	-	5,120,438	-	5,120,438
Lines of credit, net	6,355,625	-	-	6,355,625
Notes payable, net	2,732,802	1,113,918	-	3,846,720
Accrued interest on notes payable, net of current portion	-	755,932	-	755,932
Total long-term liabilities	<u>30,256,246</u>	<u>8,271,098</u>	<u>(19,333,869)</u>	<u>19,193,475</u>
Total liabilities	<u>36,344,407</u>	<u>10,944,013</u>	<u>(21,428,658)</u>	<u>25,859,762</u>
Net assets:				
Without donor restrictions	76,453,828	2,348,274	-	78,802,102
With donor restrictions	5,535,315	-	-	5,535,315
Total net assets	<u>81,989,143</u>	<u>2,348,274</u>	<u>-</u>	<u>84,337,417</u>
Total liabilities and net assets	<u>\$ 118,333,550</u>	<u>\$ 13,292,287</u>	<u>\$ (21,428,658)</u>	<u>\$ 110,197,179</u>

see independent auditor's report on supplementary information

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULES OF ACTIVITIES - EBALDC ONLY
For the years ended December 31, 2021

This schedule includes the financial position of EBALDC and the following properties that are owned by EBALDC: 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasnin Commercial, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial and West Grand and Brush Commercial.

	EBALDC General Fund		EBALDC Properties Fund		Eliminations	Total
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions		
REVENUE AND GAINS						
Rental revenue	\$ 500	\$ -	\$ 3,512,770	\$ -	\$ (449,244)	\$ 3,064,026
Contributions and grants	1,503,241	3,351,868	475,817	-	-	5,330,926
Portfolio capital reserve	-	207,972	-	-	-	207,972
Management and service fees	4,157,537	-	(10,000)	-	(424,917)	3,722,620
Developer fees	6,954,532	-	-	-	-	6,954,532
Other program service fees	281,628	-	-	-	-	281,628
Revenue from special events	398,778	-	-	-	-	398,778
Interest income	976,474	-	44,178	-	-	1,020,652
Other revenue	89,511	-	174,500	-	(17,878)	246,133
Net assets released from restrictions	4,093,251	(4,093,251)	-	-	-	-
Debt forgiveness income	3,858,435	-	-	-	(1,972,948)	1,885,487
Income from investments in partnerships	2,212,594	-	-	-	-	2,212,594
Total revenue and gains	24,526,481	(533,411)	4,197,265	-	(2,864,987)	25,325,348
OPERATIONAL EXPENSES						
Program services	15,713,232	-	5,916,149	-	(2,864,987)	18,764,394
Supporting services:						
Management and general	957,833	-	-	-	-	957,833
Fundraising	501,859	-	-	-	-	501,859
Total operational expenses	17,172,924	-	5,916,149	-	(2,864,987)	20,224,086
Change in net assets before other program services expenses	7,353,557	(533,411)	(1,718,884)	-	-	5,101,262
OTHER PROGRAM SERVICES EXPENSES						
Interest expense - deferred loans	50,495	-	(70)	-	-	50,425
Depreciation and amortization	12,571	-	443,313	-	-	455,884
Total other program services expenses	63,066	-	443,243	-	-	506,309
TOTAL EXPENSES	17,235,990	-	6,359,392	-	(2,864,987)	20,730,395
Change in net assets	7,290,491	(533,411)	(2,162,127)	-	-	4,594,953
Assumption of net assets from subsidiaries	-	-	443,204	-	-	443,204
Net assets, beginning of year	76,453,828	5,535,315	2,348,274	-	-	84,337,417
Net assets, end of year	\$ 83,744,319	\$ 5,001,904	\$ 629,351	\$ -	\$ -	\$ 89,375,574

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULES OF ACTIVITIES - EBALDC ONLY (CONTINUED)
For the years ended December 31, 2020

This schedule includes the financial position of EBALDC and the following properties that are owned by EBALDC: 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasnin Commercial, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial and West Grand and Brush Commercial.

	EBALDC General Fund		EBALDC Properties Fund		Eliminations	Total
	Without donor restrictions	With donor restrictions	Without donor restrictions	With donor restrictions		
REVENUE AND GAINS						
Rental revenue	\$ 2,500	\$ -	\$ 3,298,135	\$ -	\$ (317,815)	\$ 2,982,820
Contributions and grants	708,075	2,089,139	219,862	-	(30,000)	2,987,076
Portfolio capital reserve	-	309,254	-	-	-	309,254
Management and service fees	3,916,457	-	-	-	(462,634)	3,453,823
Developer fees	12,808,415	-	25,000	-	-	12,833,415
Other program service fees	546,233	-	-	-	-	546,233
Revenue from special events	295,868	-	-	-	-	295,868
Interest income	1,018,870	-	382	-	-	1,019,252
Other revenue	35,436	-	279,237	-	-	314,673
Net assets released from restrictions	1,985,442	(1,985,442)	-	-	-	-
Loss from investments in partnerships	1,380,865	-	-	-	-	1,380,865
Total revenue and gains	22,698,161	412,951	3,822,616	-	(810,449)	26,123,279
OPERATIONAL EXPENSES						
Program services	11,687,251	-	3,579,926	-	(810,449)	14,456,728
Supporting services:						
Management and general	653,825	-	-	-	-	653,825
Fundraising	796,512	-	-	-	-	796,512
Total operational expenses	13,137,588	-	3,579,926	-	(810,449)	15,907,065
Change in net assets before other program services expenses	9,560,573	412,951	242,690	-	-	10,216,214
OTHER PROGRAM SERVICES EXPENSES						
Interest expense - deferred loans	104,369	-	152,181	-	-	256,550
Depreciation and amortization	36,767	-	459,410	-	-	496,177
Total other program services expenses	141,136	-	611,591	-	-	752,727
TOTAL EXPENSES	13,278,724	-	4,191,517	-	(810,449)	16,659,792
Change in net assets	9,419,437	412,951	(368,901)	-	-	9,463,487
Assumption of net assets from subsidiaries	27,255,838	-	-	-	-	27,255,838
Net assets, beginning of year	39,778,553	5,122,364	2,717,175	-	-	47,618,092
Net assets, end of year	\$ 76,453,828	\$ 5,535,315	\$ 2,348,274	\$ -	\$ -	\$ 84,337,417

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULES OF FUNCTIONAL EXPENSES - EBALDC ONLY
For the years ended December 31, 2021 and 2020

This schedule includes the financial position of EBALDC and the following properties that are owned by EBALDC: 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasin Commercial, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial and West Grand and Brush Commercial.

	2021				2020			
	Program services	Management and general	Fundraising	Total	Program services	Management and general	Fundraising	Total
OPERATIONAL EXPENSES								
Salaries and wages	\$ 7,125,855	\$ 694,641	\$ 372,465	\$ 8,192,961	\$ 7,058,432	\$ 479,259	\$ 397,699	\$ 7,935,390
Employee benefits	925,445	130,977	60,117	1,116,539	1,425,930	70,579	58,389	1,554,898
Professional fees	1,390,858	24,919	14,227	1,430,004	1,408,639	2,848	7,331	1,418,818
Administrative	1,371,321	107,296	18,610	1,497,227	1,206,238	101,139	260,212	1,567,589
Program expenses	533,322	-	-	533,322	238,833	-	-	238,833
Property insurance	215,910	-	-	215,910	197,368	-	-	197,368
Real estate and other taxes	320,947	-	-	320,947	283,336	-	-	283,336
Property maintenance and operations	1,000,194	-	-	1,000,194	1,003,849	-	-	1,003,849
Utilities	293,081	-	-	293,081	312,270	-	-	312,270
Special events	-	-	36,440	36,440	-	-	72,881	72,881
Bad debt expense	4,765,735	-	-	4,765,735	273,229	-	-	273,229
Allowance for loan loss reserve	142,170	-	-	142,170	-	-	-	-
Portfolio capital reserve	207,972	-	-	207,972	309,254	-	-	309,254
Interest expense - mortgage loans	471,584	-	-	471,584	739,350	-	-	739,350
Total operational expenses	\$ 18,764,394	\$ 957,833	\$ 501,859	\$ 20,224,086	\$ 14,456,728	\$ 653,825	\$ 796,512	\$ 15,907,065
OTHER PROGRAM SERVICES EXPENSES								
Interest expense - deferred loans (Note 12)	50,425	-	-	50,425	256,550	-	-	256,550
Depreciation and amortization	455,884	-	-	455,884	496,177	-	-	496,177
Total other program services expenses	506,309	-	-	506,309	752,727	-	-	752,727
TOTAL EXPENSES	\$ 19,270,703	\$ 957,833	\$ 501,859	\$ 20,730,395	\$ 15,209,455	\$ 653,825	\$ 796,512	\$ 16,659,792

see independent auditor's report on supplementary information

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULES OF CASH FLOWS - EBALDC ONLY
For the years ended December 31, 2021 and 2020

This schedule includes the financial position of EBALDC and the following properties that are owned by EBALDC: 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasnin Commercial, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial and West Grand and Brush Commercial.

	<u>2021</u>	<u>2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 4,594,953	\$ 9,463,487
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Income from investments in partnerships	(2,212,594)	(1,380,865)
Interest expense - principal discount amortization	5,066	23,893
Depreciation and amortization	455,884	496,177
Bad debt expense	4,907,905	273,229
Debt forgiveness income	(1,873,000)	-
(Increase) decrease in operating assets:		
Investment securities	(870)	816
Receivables, other than related party	760,131	311,935
Related party receivables	(4,293,440)	(8,430,982)
Prepaid expenses	(12,411)	(11,271)
Increase (decrease) in operating liabilities:		
Accounts payable and accrued expenses	(196,839)	211,526
Tenant security deposits	(10,618)	8,616
Prepaid rent	(14,260)	60,418
Deferred revenue - developer fees	(1,033,865)	(633,655)
Deferred lease payable	(139,323)	122,698
Due to related parties	(80,975)	196,816
Accrued interest on notes payable	(13,749)	93,860
Net cash provided by operating activities	<u>841,995</u>	<u>806,698</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Repayments from (advances to) related parties, net	(1,221,029)	12,940,147
Purchase of property and equipment	(328,580)	(165,113)
Collections of notes receivable	-	3,128,837
Deposits to funds held in trust	207,988	291,713
Capital contributions to investee partnerships	(17,878)	(5,068,633)
Capital distributions from investee partnerships	1,040,751	3,405,853
Net cash (used in) provided by investing activities	<u>(318,748)</u>	<u>14,532,804</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
Direct financing lease due from related party	(34,984)	-
Direct financing lease obligation due to related party	(80,888)	118,763
Repayment of line of credit	-	(2,412,711)
Proceeds from line of credit	737,504	5,144,183
Proceeds from notes payable	1,924,321	1,873,000
Principal payments on notes payable	(20,749)	(2,896,911)
Net cash provided by financing activities	<u>2,525,204</u>	<u>1,826,324</u>
Net change in cash, cash equivalents and restricted cash	3,048,451	17,165,826
Cash, cash equivalents and restricted cash at beginning of year	29,819,479	12,653,653
Cash, cash equivalents and restricted cash at end of year	<u>\$ 32,867,930</u>	<u>\$ 29,819,479</u>
Cash and cash equivalents	12,034,697	8,840,374
Restricted cash	20,833,233	20,979,105
Total cash, cash equivalents and restricted cash	<u>\$ 32,867,930</u>	<u>\$ 29,819,479</u>
SUPPLEMENTAL INFORMATION:		
Cash paid for interest	<u>\$ 429,842</u>	<u>\$ 365,047</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH INVESTING AND FINANCING INFORMATION		
Noncash liabilities assumed from subsidiaries, net	<u>\$ 443,204</u>	<u>\$ 22,361,036</u>

see independent auditor's report on supplementary information

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AND CONSOLIDATING SCHEDULE OF ACTIVITIES
As of and for the year ended December 31, 2021

	East Bay Asian Local Development Corporation	Low-Income Housing Tax Credit Properties	Commercial Properties	Real Estate Held for Sale	Other Affordable Housing Properties	Housing Acquisitions	Eliminations	Consolidated Balance
FINANCIAL POSITION								
(December 31, 2021)								
Cash and restricted cash	\$ 32,867,930	\$ 29,346,430	\$ 1,445,338	\$ 697	\$ 1,877,211	\$ 5,400,826	\$ -	\$ 70,938,432
Accounts and notes receivable, net	1,707,131	3,928,109	112,808	800	106,393	749,161	(597,223)	6,007,179
Investments	4,320,144	-	-	-	-	-	(2,280,247)	2,039,897
Due from related parties	84,070,724	18,087,373	5,039,550	-	-	363,970	(106,126,925)	1,434,692
Real estate held for sale	-	-	-	-	-	-	-	-
Development in progress	-	16,563,299	-	-	-	3,849,157	(454,564)	19,957,892
Property and equipment, net	7,098,640	298,771,025	7,619,476	-	5,130,514	49,417,883	(31,586,719)	336,450,819
Other assets, net	57,107	465,385	23,652	-	-	-	-	546,144
Total assets	<u>\$ 130,121,676</u>	<u>\$ 367,161,621</u>	<u>\$ 14,240,824</u>	<u>\$ 1,497</u>	<u>\$ 7,114,118</u>	<u>\$ 59,780,997</u>	<u>\$ (141,045,678)</u>	<u>\$ 437,375,055</u>
Accounts payable and accrued expenses	\$ 1,278,873	\$ 5,563,407	\$ 453,551	\$ 425	\$ 176,856	\$ 668,422	\$ (582,145)	\$ 7,559,389
Funds held in trust	2,041,938	-	-	-	-	-	(2,037,028)	4,910
Ground lease payable	-	430,346	-	-	-	-	(78,562)	351,784
Deferred revenue - developer fees	834,812	-	-	-	-	-	(834,812)	-
Deferred lease payable	1,141,487	-	-	-	-	-	-	1,141,487
Notes payable and lines of credit	10,996,236	225,373,387	8,892,216	-	8,161,910	50,152,299	-	303,576,048
Accrued interest on notes payable	802,178	24,692,536	551,171	-	4,688,078	1,708,281	-	32,442,244
Derivative financial instrument	-	1,243,447	-	-	-	-	-	1,243,447
Due to related parties	23,650,578	79,346,471	1,377,583	487,310	361,062	1,646,803	(106,078,759)	791,048
Total liabilities	<u>40,746,102</u>	<u>336,649,594</u>	<u>11,274,521</u>	<u>487,735</u>	<u>13,387,906</u>	<u>54,175,805</u>	<u>(109,611,306)</u>	<u>347,110,357</u>
Net assets	<u>89,375,574</u>	<u>30,512,027</u>	<u>2,966,303</u>	<u>(486,238)</u>	<u>(6,273,788)</u>	<u>5,605,192</u>	<u>(31,434,372)</u>	<u>90,264,698</u>
Total liabilities and net assets	<u>\$ 130,121,676</u>	<u>\$ 367,161,621</u>	<u>\$ 14,240,824</u>	<u>\$ 1,497</u>	<u>\$ 7,114,118</u>	<u>\$ 59,780,997</u>	<u>\$ (141,045,678)</u>	<u>\$ 437,375,055</u>
ACTIVITIES								
(For the year ended December 31, 2021)								
Support and revenue	\$ 22,082,696	\$ 20,314,477	\$ 2,094,669	\$ -	\$ 1,328,865	\$ 4,753,015	\$ (10,167,582)	\$ 40,406,140
Operating expenses	<u>(23,047,397)</u>	<u>(17,699,399)</u>	<u>(1,818,083)</u>	<u>(19,559)</u>	<u>(1,135,346)</u>	<u>(5,460,106)</u>	<u>6,486,351</u>	<u>(42,693,539)</u>
Change in net assets from operations	(964,701)	2,615,078	276,586	(19,559)	193,519	(707,091)	(3,681,231)	(2,287,399)
Other income (expense), net	<u>5,559,654</u>	<u>(13,303,284)</u>	<u>(486,547)</u>	<u>88,336</u>	<u>(317,743)</u>	<u>(936,300)</u>	<u>(2,789,996)</u>	<u>(12,185,880)</u>
Change in net assets	<u>\$ 4,594,953</u>	<u>\$ (10,688,206)</u>	<u>\$ (209,961)</u>	<u>\$ 68,777</u>	<u>\$ (124,224)</u>	<u>\$ (1,643,391)</u>	<u>\$ (6,471,227)</u>	<u>\$ (14,473,279)</u>

East Bay Asian Local Development Corporation: Includes the activity of 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasnin Commercial, EBALDC, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial, and West Grand and Brush Commercial.

Low-Income Housing Tax Credit Partnerships: Includes the activity of 11J Family Housing, L.P., 26th Avenue Housing Associates, L.P., 285 12th Street, L.P., 34th & San Pablo, L.P., Avalon Senior Housing, L.P., California Hotel Oakland, L.P., Chinatown BART Family Housing, Chinatown BART Senior Housing, Drasnin Manor, L.P., Frank G Mar, L.P., Fruitvale Transit Village II-A, L.P., Giant Development, L.P., Hin-Nu Garvey Associates, L.P., JLG Senior Housing, L.P., LakeHouse Commons Affordable Housing, L.P., Madison Park Housing Associates II, L.P., Oakland Point Limited Partnership, L.P., Phoenix 801 Pine, L.P., San Pablo Hotel Associates II, L.P., Seven Directions Housing Limited Partnership, L.P., Swans Market Partnership, L.P., West Grand & Brush LLC, and West Grand & Brush 2. Tax credit properties previously owned by Madison Park Housing Associates, L.P., Mar Associates, L.P., and Slim Jenkins Court, LLC were transferred to EBALDC Bond 2012, LLC during 2012. The financial position and activities of these properties are included in the above schedule as low income housing tax credit properties.

Commercial Properties: Includes the activity of 1825 San Pablo Ave LLC, Avalon Commercial, LLC, Preservation Park Center, Inc., and San Antonio Commercial Revitalization, Inc. Commercial property previously owned by San Antonio Commercial Revitalization, Inc. was transferred to EBALDC Bond 2012, LLC during 2012, and was then transferred to B7M LLC during 2016. The financial position and activities of these properties are included in the above schedule as commercial properties.

Real Estate Held for Sale: Includes the activity of PacRen Affordable Sales, LLC. Commercial property previously owned by PacRen Affordable Sales, LLC was transferred to EBALDC Bond 2012, LLC during 2012. The financial position and activities of these properties are included in the above schedule as real estate held for sale.

Other Affordable Housing Properties: Includes the activity of Ivy Hill Development Corporation, Madrone Hotel Associates, L.P, and Seminary Avenue Development Corporation.

Housing Acquisitions: Includes the activity of East Bay Capital Fund I, L.P., East Bay Capital Fund II, L.P., East Bay Capital Fund III, L.P, East Bay Capital Portfolio I Fund IV, L.P, East Bay Capital Portfolio II Fund IV, L.P, and East Bay Highland Palms II, L.P.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
CONSOLIDATING SCHEDULE OF FINANCIAL POSITION
AND CONSOLIDATING SCHEDULE OF ACTIVITIES
As of and for the year ended December 31, 2020

	East Bay Asian Local Development Corporation	Low-Income Housing Tax Credit Properties	Commercial Properties	Real Estate Held for Sale	Other Affordable Housing Properties	Housing Acquisitions	Eliminations	Consolidated Balance
FINANCIAL POSITION								
(December 31, 2020)								
Cash and restricted cash	\$ 29,819,479	\$ 37,266,984	\$ 1,155,147	\$ 891	\$ 1,525,508	\$ 4,020,458	\$ -	\$ 73,788,467
Accounts and notes receivable, net	10,349,526	4,870,098	37,408	800	57,078	891,105	(869,990)	15,336,025
Investments	3,129,553	-	-	-	-	-	(92,616)	3,036,937
Due from related parties	80,434,024	17,795,276	5,120,438	-	-	146,777	(103,251,764)	244,751
Real estate held for sale	-	-	-	234,939	-	-	(12,435)	222,504
Development in progress	93,578	20,203,287	-	-	2,000	3,881,246	(2,788,927)	21,391,184
Property and equipment, net	7,181,683	277,749,553	8,026,081	-	5,352,436	49,682,787	(25,756,429)	322,236,111
Other assets, net	50,097	458,599	20,870	781	1,026	2,779	-	534,152
Total assets	\$ 131,057,940	\$ 358,343,797	\$ 14,359,944	\$ 237,411	\$ 6,938,048	\$ 58,625,152	\$ (132,772,161)	\$ 436,790,131
Accounts payable and accrued expenses	\$ 1,500,590	\$ 4,190,074	\$ 402,381	\$ 250,806	\$ 157,983	\$ 559,434	\$ (893,641)	\$ 6,167,627
Funds held in trust	1,833,950	-	-	-	-	-	(1,829,057)	4,893
Ground lease payable	-	335,496	-	-	-	-	(73,463)	262,033
Deferred revenue - developer fees	1,868,677	-	-	-	-	-	(1,868,677)	-
Deferred lease payable	1,280,810	-	-	-	-	-	-	1,280,810
Notes payable and lines of credit	13,197,453	221,208,238	9,089,351	-	8,166,839	48,599,677	-	300,261,558
Accrued interest on notes payable	815,927	21,853,762	547,171	-	4,423,784	1,200,913	-	28,841,557
Derivative financial instrument	-	-	-	-	-	-	-	-
Due to related parties	26,223,116	75,055,286	1,149,266	541,620	339,006	844,739	(103,154,650)	998,383
Total liabilities	46,720,523	322,642,856	11,188,169	792,426	13,087,612	51,204,763	(107,819,488)	337,816,861
Net assets	84,337,417	35,700,941	3,171,775	(555,015)	(6,149,564)	7,420,389	(24,952,673)	98,973,270
Total liabilities and net assets	\$ 131,057,940	\$ 358,343,797	\$ 14,359,944	\$ 237,411	\$ 6,938,048	\$ 58,625,152	\$ (132,772,161)	\$ 436,790,131
ACTIVITIES								
(For the year ended December 31, 2020)								
Support and revenue	\$ 25,449,619	\$ 19,266,670	\$ 2,386,369	\$ 8,237	\$ 1,259,231	\$ 4,728,669	\$ (16,871,207)	\$ 36,227,588
Operating expenses	(16,590,377)	(18,447,260)	(1,992,801)	(307,635)	(939,621)	(4,308,501)	3,817,518	(38,768,677)
Change in net assets from operations	8,859,242	819,410	393,568	(299,398)	319,610	420,168	(13,053,689)	(2,541,089)
Other income (expense), net	604,245	(9,197,723)	1,181,094	-	(505,717)	(1,106,597)	(20,816)	(9,045,514)
Change in net assets	\$ 9,463,487	\$ (8,378,313)	\$ 1,574,662	\$ (299,398)	\$ (186,107)	\$ (686,429)	\$ (13,074,505)	\$ (11,586,603)

East Bay Asian Local Development Corporation: Includes the activity of 11J Commercial, 1825 San Pablo Headquarters, Asian Resource Center, California Hotel Commercial, Chinatown Initiative, Drasinin Commercial, EBALDC, Frank G. Mar Commercial, Housing Acquisition Fund, Lion Creek Crossing Commercial, Madrone Commercial, Swans Commercial, and West Grand and Brush Commercial.

Low-Income Housing Tax Credit Partnerships: Includes the activity of 11J Family Housing, L.P., 26th Avenue Housing Associates, L.P., 285 12th Street, L.P., 34th & San Pablo, L.P., Avalon Senior Housing, L.P., California Hotel Oakland, L.P., Chinatown BART Family Housing, Chinatown BART Senior Housing, Drasinin Manor, L.P., Frank G Mar, L.P., Fruitvale Transit Village II-A, L.P., Giant Development, L.P., Hin-Nu Garvey Associates, L.P., JLG Senior Housing, L.P., LakeHouse Commons Affordable Housing, L.P., Madison Park Housing Associates II, L.P., Oakland Point Limited Partnership, L.P., Phoenix 801 Pine, L.P., San Pablo Hotel Associates II, L.P., Seven Directions Housing Limited Partnership, L.P., Swans Market Partnership, L.P., West Grand & Brush LLC, and West Grand & Brush 2. Tax credit properties previously owned by Madison Park Housing Associates, L.P., Mar Associates, L.P., and Slim Jenkins Court, LLC were transferred to EBALDC Bond 2012, LLC during 2012. The financial position and activities of these properties are included in the above schedule as low income housing tax credit properties.

Commercial Properties: Includes the activity of 1825 San Pablo Ave LLC, Avalon Commercial, LLC, Preservation Park Center, Inc., and San Antonio Commercial Revitalization, Inc. Commercial property previously owned by San Antonio Commercial Revitalization, Inc. was transferred to EBALDC Bond 2012, LLC during 2012, and was then transferred to B7M LLC during 2016. The financial position and activities of these properties are included in the above schedule as commercial properties.

Real Estate Held for Sale: Includes the activity of PacRen Affordable Sales, LLC. Commercial property previously owned by PacRen Affordable Sales, LLC was transferred to EBALDC Bond 2012, LLC during 2012. The financial position and activities of these properties are included in the above schedule as real estate held for sale.

Other Affordable Housing Properties: Includes the activity of Ivy Hill Development Corporation, Madrone Hotel Associates, L.P, and Seminary Avenue Development Corporation.

Housing Acquisitions: Includes the activity of East Bay Capital Fund I, L.P., East Bay Capital Fund II, L.P., East Bay Capital Fund III, L.P, East Bay Capital Portfolio I Fund IV, L.P, East Bay Capital Portfolio II Fund IV, L.P, and East Bay Highland Palms II, L.P.

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 of
East Bay Asian Local Development Corporation and Subsidiaries

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of East Bay Asian Local Development Corporation ("EBALDC") and subsidiaries, which comprise the consolidated statement of financial position as of December 31, 2021, and the related consolidated statements of activities, functional expenses and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated June 10, 2022

Report on Internal Control over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's 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.

Report on Compliance and Other Matters

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

Purpose of this Report

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

Novogradac & Company LLP

Walnut Creek, California
June 10, 2022

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 of
East Bay Asian Local Development Corporation and Subsidiaries

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited East Bay Asian Local Development Corporation ("EBALDC") and subsidiaries' compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of East Bay Asian Local Development Corporation and Subsidiaries' major federal programs for the year ended December 31, 2021. EBALDC's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, East Bay Asian Local Development Corporation and Subsidiaries 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 December 31, 2021.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America ("GAAS"); 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 Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of East Bay Asian Local Development Corporation and Subsidiaries and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of East Bay Asian Local Development Corporation and Subsidiaries' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to East Bay Asian Local Development Corporation and Subsidiaries' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on East Bay Asian Local Development Corporation and Subsidiaries' compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about East Bay Asian Local Development Corporation and Subsidiaries' compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding East Bay Asian Local Development Corporation and Subsidiaries' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of East Bay Asian Local Development Corporation and Subsidiaries' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 East Bay Asian Local Development Corporation and Subsidiaries' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

Novogradac & Company LLP

Walnut Creek, California
June 10, 2022

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2021

<u>Federal Grantor / Pass Through Grantor / Program Title:</u>	<u>Federal CFDA No.</u>	<u>Federal Expenditures</u>
<u>Department of Housing and Urban Development</u>		
Community Development Block Grants/Entitlement Grants passed through from the City of Oakland	14.218	102,814
Emergency Solutions Grants Program passed through from the City of Oakland	14.231	17,266
<u>Department of Treasury</u>		
Volunteer Income Tax Assistance Matching Grant Program passed through from United Way	21.009	26,000
Emergency Rental Assistance Program passed through from Local Initiatives Support Corporation	21.023	83,942
Round Two Emergency Rental Assistance passed through from the City of Oakland	117-2	362,133
Network Expendable & Capital Grant, passed through from NeighborWorks America	116-6	7,931
Network Expendable & Capital Grant, passed through from NeighborWorks America	116-59	5,400
Network Expendable & Capital Grant, passed through from NeighborWorks America	116-94	216,814
Network Expendable & Capital Grant, passed through from NeighborWorks America	116-260	<u>456,696</u>
Total Expenditures of Federal Awards		<u>\$ 1,278,996</u>

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the year ended December 31, 2021

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) includes the expenditures of EBALDC under programs of the federal government for the year ended December 31, 2021. The information in the Schedule is presented in accordance with the requirements of Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards, wherein certain types of expenditures are not allowed. Catalogue of Federal Domestic Assistance numbers (“CFDA No.”) are provided when available.

EBALDC elected not to use the 10% de minimis indirect cost rate.

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the year ended December 31, 2021

Section I - Summary of Auditor's Results

Financial Statements

Type of auditors' report issued:	Unmodified		
Internal control over financial reporting:			
Material weakness(es) identified?	Yes	x	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes	x	None reported
Noncompliance material to financial statements noted?	Yes	x	No

Federal Awards

Internal Control over major programs:			
Material weakness(es) identified?	Yes	x	No
Significant deficiency(ies) identified not considered to be material weaknesses?	Yes	x	None reported
Type of auditor's report issued on compliance for major programs:	Unmodified		
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?	Yes	x	No

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
116-6, 116-59, 116-94, and 116-260	Network Expendable & Capital Grant

Dollar threshold used to distinguish between Type A and Type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes No

**EAST BAY ASIAN LOCAL DEVELOPMENT
CORPORATION AND SUBSIDIARIES**
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)
For the year ended December 31, 2021

Section II - Financial Statement Findings

There were no findings noted.

Section III - Federal Award Findings and Questioned Costs

There were no findings noted.