Innovative Housing Opportunities, Inc.
Consolidated Financial Statements
and
Report of Independent Auditors

For the years ended December 31, 2016 and 2015

NOVOGRADAC
& COMPANY LLP®
CERTIFIED PUBLIC ACCOUNTANTS

Report of Independent Auditors

To the Board of Directors of
Innovative Housing Opportunities, Inc.

We have audited the accompanying consolidated financial statements of Innovative Housing Opportunities, Inc. ("IHO"), a California non-profit corporation, which comprise the consolidated statements of financial position as of December 31, 2016 and 2015, and the related consolidated statements of activities and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

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Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Innovative Housing Opportunities, Inc. as of December 31, 2016 and 2015, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in accounting principle

As discussed in Note 2 to the financial statements, the Partnership adopted a change in accounting principle related to the presentation of debt issuance costs. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary and Other Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statements of financial position and consolidating statements of activities are presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual entities, and are 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.

Novogradac & Company LLP

San Rafael, California
December 14, 2017

INNOVATIVE HOUSING OPPORTUNITIES, INC.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
December 31, 2016 and 2015

	2016	2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 4,346,769	$ 4,008,384
Certificates of deposit	2,254,923	1,752,065
Securities, at market value	154,723	648,909
Tenant security deposits - held in trust	69,324	69,333
Restricted funds	872,015	815,160
Rent deposit	4,829	4,819
Accounts receivable - HUD	247	155,401
Accounts receivable - other, net	100,046	3,999
Partnership management fee receivable	-	1,500
Development fee receivable	480,000	250,488
Prepaid expenses	36,465	42,954
Note receivable	300,000	300,000
Total current assets	8,619,341	8,053,012
Deposits	9,750	9,750
Fixed assets, net of accumulated depreciation	10,958,571	11,266,540
Deferred charges, net of accumulated amortization	34,951	46,602
Total assets	$ 19,622,613	$ 19,375,904
LIABILITIES		
Current liabilities:		
Accounts payable	$ 145,703	$ 79,476
Accrued expenses	43,202	41,037
Accrued interest payable	49,722	50,308
Prepaid revenue	3,157	3,666
Notes payable - current portion	1,619,697	151,650
Total current liabilities	1,861,481	326,137
Tenant security deposits payable	79,570	79,827
Long-term liabilities:		
Deferred grant income	164,774	164,774
Notes payable, net of unamortized debt issuance costs	12,272,072	12,386,602
Less: current portion	(1,619,697)	(151,650)
Total long-term liabilities	10,817,149	12,399,726
Total liabilities	12,758,200	12,805,690
UNRESTRICTED NET ASSETS		
Controlling interests		
Board designated	145,791	140,791
Non-designated	6,674,515	6,419,543
Non-controlling interests	29,227	0
Total unrestricted controlling interests	6,849,533	6,560,334
TEMPORARILY RESTRICTED NET ASSETS	14,880	9,880
Total liabilities and net assets	$ 19,622,613	$ 19,375,904

see accompanying notes

INNOVATIVE HOUSING OPPORTUNITIES, INC.

CONSOLIDATED STATEMENTS OF ACTIVITIES

For the years ended December 31, 2016 and 2015

	2016	2015
UNRESTRICTED NET ASSETS		
REVENUES		
Rental revenue	$ 3,487,219	$ 3,268,406
Interest income	13,678	8,851
Partnership flow through income	50,845	95,996
Development fee	330,762	490,488
Partnership management fees	51,000	6,000
Other revenue	65,946	52,061
Net assets released from restrictions	-	5,625
Total revenues	3,999,450	3,927,427
EXPENSES		
Interest	634,101	604,611
Interest - debt issuance costs	39,254	35,935
Salaries	943,198	878,518
Depreciation and amortization	481,332	463,237
Administrative	656,481	663,259
Operating and maintenance	388,669	302,641
Taxes and insurance	249,838	231,195
Property management fees	172,465	146,890
Utilities	119,351	122,688
Asset management fees	10,565	10,413
Travel	14,997	20,296
Total expenses	3,710,251	3,479,683
CHANGE IN UNRESTRICTED NET ASSETS	289,199	447,744
TEMPORARILY RESTRICTED NET ASSETS		
Contributions	5,000	-
Net assets released from restrictions	-	(5,625)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	5,000	(5,625)
CHANGE IN NET ASSETS	294,199	442,119
NET ASSETS, BEGINNING OF YEAR	6,570,214	6,128,095
NET ASSETS, END OF YEAR	$ 6,864,413	$ 6,570,214

INNOVATIVE HOUSING OPPORTUNITIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2016 and 2015

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ 294,199	$ 442,119
Adjustment to reconcile change in net assets to net cash provided by operating activities:		
Depreciation and amortization	481,332	463,237
Interest expense - debt issuance costs	39,254	35,935
Unrealized loss (gain) on securities	12,601	41,570
(Increase) decrease in assets:		
Tenant security deposits - held in trust	9	(1,031)
Rent deposits	(10)	-
Accounts receivable - HUD	155,154	(155,401)
Accounts receivable - other, net	(96,047)	(3,013)
Development fee receivable	(229,512)	(29,868)
Partnership management fee receivable	1,500	(1,500)
Prepaid expenses	6,638	(7,566)
Accrued interest income	-	8,784
Increase (decrease) in liabilities:		
Accounts payable	66,227	(36,728)
Accrued expenses	2,165	2,243
Accrued interest	(586)	6,256
Prepaid revenue	(509)	2,670
Tenant security deposits payable	(257)	11,981
Net cash provided by operating activities	732,158	779,688
CASH FLOWS FROM INVESTING ACTIVITIES		
Withdrawals from (deposits to) certificates of deposit	(502,858)	172,141
Purchase of securities	481,585	(30,901)
Withdrawals from (funding of) restricted funds, net	(56,855)	102,203
Withdrawals from (funding of) trustee held funds	(149)	393
Decrease (increase) in deposits	-	45,091
Investment in JHC-IHO Lincoln, LLC	-	924,680
Purchase of fixed assets	(161,712)	(2,522,376)
Payment of permanent loan fees	-	(29,870)
Net cash used in investing activities	(239,989)	(1,338,639)
CASH FLOWS FROM FINANCING ACTIVITIES		
Funding of notes receivable, net	-	(230,000)
Loan proceeds from Century Housing Corporation	-	1,458,000
Payments on notes payable	(153,784)	(138,498)
Net cash (used in) provided by financing activities	(153,784)	1,089,502
NET INCREASE IN CASH AND CASH EQUIVALENTS	338,385	530,551
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	4,008,384	3,477,833
CASH AND CASH EQUIVALENTS AT END OF YEAR	$ 4,346,769	$ 4,008,384
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash paid for interest	$ 634,687	$ 598,355

see accompanying notes

1. Organization

Innovative Housing Opportunities, Inc. ("IHO"), formerly Irvine Housing Opportunities, Inc., is a California non-profit corporation organized in 1976 and located in Irvine, California. IHO's purpose is to provide appropriate affordable housing and services for low income and very low income families and individuals, including the elderly and handicapped. IHO holds a 0.01% ownership interest, as a general partner, in Woodbridge Manor, LP (the "Partnership") to which it sold a low-income housing project, known as Woodbridge Manor ("Woodbridge") in October 2004. IHO also wholly owns IHO Norwalk, LLC, IHO Harding Street LLC, IHO Derian LLC and IHO CHDO, Inc. On May 2, 2014, IHO acquired a 100% interest in a 16-unit low-income housing project known as Acacia Apartments ("Acacia"). On June 10, 2015, IHO acquired a 100% interest in a 21-unit low-income housing project known as Chicago Linden Apartments ("Chicago Linden"). Collectively, IHO and these various entities are referred herein as the "Corporation".

The Partnership is a California limited partnership formed between IHO and SCDC, LLC, an Ohio limited liability company (the "Special Limited Partner"), and ORC Tax Credit Fund XIV, LLC (formerly Red Capital Tax Credit Fund XIV, LLC), an Ohio limited liability company (the "Investor Limited Partner") (collectively, the "Limited Partners"). Woodbridge rents apartment units to low-income tenants and is operated in a manner necessary to qualify for low-income housing tax credits as provided for in section 42 of the Internal Revenue Code. In addition, the Partnership has entered into a housing assistance payments ("HAP") contract with the Department of Housing and Urban Development ("HUD") pursuant to the United States Housing Act of 1937 and section 524(a).

Pursuant to the Second Amended and Restated Agreement of Limited Partnership of the Partnership (the "Partnership Agreement"), profits and losses and tax credits are allocated .01% to IHO and 99.99% to the Limited Partners.

Pursuant to the Partnership Agreement, the Investor Limited Partner is required to provide capital contributions to the Partnership totaling $5,361,697, subject to potential adjustment based on the amount of low-income housing tax credits ultimately allocated to Woodbridge in addition to other potential occurrences. The contributions are made in different installments upon occurrence of certain dates as provided in the Partnership Agreement. As of December 31, 2016 and 2015, the Investor Limited Partner had provided cumulative capital contributions of $5,080,037. The Investor Limited Partner is not required to provide any additional capital contributions.

IHO CHDO, Inc. is a California non-profit corporation whose purpose is to provide affordable housing and related services for low-income and moderate-income persons who are in need of affordable, decent, safe and sanitary housing and related services.

2. Summary of significant accounting policies

Basis of accounting

The consolidated financial statements of the Corporation have been prepared on the accrual basis of accounting and accordingly reflect all significant receivables, payables, and other liabilities. IHO's year-end for tax and financial reporting purposes is December 31.

2. Summary of significant accounting policies (continued)

Basis of presentation

The Corporation reports information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Donor-restricted contributions are reported as an increase in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets. As of December 31, 2016 and 2015, IHO had no permanently restricted net assets.

Principles of consolidation

The accompanying consolidated financial statements include the assets, liabilities and financial activities of the Corporation. All intercompany accounts and transactions have been eliminated in the consolidation. As of December 31, 2016 and 2015, the non-controlling interest of the Partnership for both years includes cumulative limited partner contributions of $5,080,037, and cumulative allocated losses was $5,050,810 and $5,080,037, respectively.

Investment in partnerships and limited liability company – equity method

IHO uses the equity method of accounting for its investments in three limited partnerships in which IHO's wholly owned LLCs serve as general partner. In addition, IHO holds a 40% interest in JHC-IHO Lincoln LLC ("Lincoln"). IHO has significant influence over, but not control of the major operating and financial policies of the limited partnerships and the limited liability company. Under this method, IHO's share of income, losses, and distributions incurred by the limited partnerships and limited liability company is recognized as an increase or reduction of the carrying value of the investments.

The Corporation evaluates its investment in partnerships for impairment in value and records 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.

The following limited partnerships are recorded under the equity method:

LLC	% of ownership	Limited Partnership	% of ownership
IHO Norwalk, LLC	100%	Norwalk Preservation Limited Partnership ("Norwalk")	0.0010%
IHO Harding Street, LLC	100%	Harding Street Neighbors LP ("Harding")	50.0000%
IHO Derian LLC	100%	17275 Derian, LP ("Derian")	0.0005%
JHC-IHO Lincoln, LLC	40%	Lincoln Housing Partners, LP ("Lincoln")	0.0010%

For the years ended December 31, 2016 and 2015, IHO Norwalk, LLC received distributions from Norwalk of $50,845 and $ 95,996, respectively, and was allocated partnership flow through income of equal amounts.

2. Summary of significant accounting policies (continued)

Estimates
The preparation of 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 financial statements and accompanying notes. Actual results could differ from those estimates.

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

Restricted funds and tenant security deposits are not considered cash and cash equivalents, and include cash held with financial institutions for refunds of tenant security deposits, repairs or improvements to the buildings that extend their useful lives, accumulated residual receipts, restabilization expenses after completion of rehabilitation, interest payments, resident services fund, and annual insurance and tax payments.

Certificates of deposit
Certificates of deposit with an initial maturity greater than three months are shown on the consolidated statements of financial position. The certificates of deposit have penalties for early withdrawal; however, any such penalty would not have a material effect on the consolidated financial statements.

Certificates of deposit are recognized on the consolidated statements of financial position at fair market value. For the years ended December 31, 2016 and 2015, IHO opened accounts with various banking institutions to fund certificates of deposit with interest rates ranging from 0.03% to 1.25%. As of December 31, 2016 and 2015, the balance of the certificates of deposit was $2,254,923 and $1,752,065, respectively.

Investments in securities
The Corporation records investments in money market and mutual funds at their fair value. Unrealized gains and losses are included in other revenue in the accompanying consolidated statements of activities.

Concentration of credit risk
The Corporation places its temporary cash investments with high credit quality financial institutions. Management works to keep balances at or below the institution's federally insured limits; however, at times, the account balances may exceed these limits. The Corporation has not experienced any losses in such accounts.

Economic concentrations
IHO develops and operates property in and around the City of Irvine, California. Future operations could be affected by changes in the economic or other conditions in that geographical area or by changes in federal low-income housing subsidies or the demand for such housing.

2. Summary of significant accounting policies (continued)

Contributions
Contributions are recognized when the donor makes a promise to give that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Revenue recognition
Rental revenue attributable to residential leases is recorded when due from residents, generally upon the first day of each month. Leases are for periods of up to one year, with rental payments due monthly. Other revenue includes fees earned for late payments, cleaning, damages and laundry facilities and is recorded when earned.

Revenues from project development fees are recognized as earned in accordance with the terms of the development agreement. Revenue from program service fees are recognized as services are performed and collection is reasonably assured.

Development fee, partnership management fee, and other accounts receivables
Development fee, partnership management fee, and other accounts receivables are stated at the amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to trade accounts receivable. As of December 31, 2016 and 2015, the balance of the allowance for doubtful accounts for both years was $452 and $306, respectively.

Note receivable and allowance for loan losses
Note receivable is reported net of an allowance for loan losses. Management's estimate of the allowance is based on historical collection experience and a review of the current status and collections of note receivable. As of December 31, 2016 and 2015, management has determined no allowance is needed.

Fixed assets and depreciation
All fixed assets are stated at cost. Building and improvements are depreciated under the straight-line method over 27.5 to 40 years. Furniture and equipment is depreciated under the double-declining method over 5 to 15 years. For the years ended December 31, 2016 and 2015, depreciation expense was $469,681 and $451,586, respectively.

Fixed assets are summarized as follows:

	2016	2015
Land	$ 2,443,597	$ 3,318,968
Building and improvements	9,079,274	10,499,924
Furniture and equipment	2,000,700	1,964,566
Assets held for sale	2,364,742	-
Accumulated depreciation	(4,929,742)	(4,516,918)
Net	$ 10,958,571	$ 11,266,540

2. Summary of significant accounting policies (continued)

Fixed assets and depreciation (continued)
Assets held for sale as of December 31, 2016 consisted of land, buildings, and equipment held by Chicago Linden with a book value of $2,364,742, net of $56,857 of accumulated depreciation. The project was in operation during 2016 and was sold on March 28, 2017 to an unrelated party for a total consideration of $2,150,000. Chicago Linden used the proceeds to pay off the related loan of $1,458,000. The net book value of the assets has not been adjusted and no gain or loss has been recognized as of December 31, 2016.

Deferred charges and amortization
Tax credit fees are amortized using the straight-line method over 15 years. For both years ended December 31, 2016 and 2015, amortization expense was $11,651.

Impairment of long-lived assets
The Corporation reviews its 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 assets are 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 for each of the years ended December 31, 2016 and 2015.

Income taxes
IHO is a non-profit corporation organized pursuant to the provisions of Section 501(c)(3) of the Internal Revenue Code and corresponding provisions of the California Franchise Tax Code. As such, IHO is exempt from taxes on its business-related income.

Income taxes on Partnership and wholly-owned limited liability companies' income are levied on the partners and members in their individual capacity. Accordingly, all profits and losses of the Partnership and wholly-owned limited liability companies are recognized by each partner and member on its respective tax return.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Corporation to report information regarding its exposure to various tax positions taken by the Corporation. The Corporation has determined whether any tax positions have met the recognition threshold and has measured the Corporation's exposure to those tax positions. Management believes that the Corporation has 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 the Corporation are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying consolidated financial statements.

2. Summary of significant accounting policies (continued)

Change in accounting principle
In 2016, the Partnership retroactively adopted new requirements to present debt issuance costs as a reduction of the carrying amount of the related debt rather than as an asset. Amortization of the debt issuance costs is reported as interest expense rather than as amortization expense. The effect of the change for 2016 was to decrease deferred charges, net and notes payable by $845,994. The financial statements of 2015 have been retroactively restated for this change, which resulted in a decrease to deferred charges, net and notes payable of $885,248. The change does not impact net loss or retained earnings.

3. Securities

Securities are stated at current market value and consist of the following:

	2016	
	Cost	Market Value
Money market funds	$ 154,573	$ 154,723
Total securities	$ 154,573	$ 154,723

	2015	
	Cost	Market Value
Money market funds	$ 43,273	$ 43,273
Mutual funds	669,918	605,636
Total securities	$ 713,191	$ 648,909

The following schedule summarizes the investment return and is included in other revenue on the accompanying consolidated Statements of Activities for the years ended December 31, 2016 and 2015:

	2016	2015
Dividends	$ 6,361	$ 30,103
Realized and unrealized loss	(12,601)	(41,570)
Total investment loss	$ (6,240)	$ (11,467)

4. Restricted funds

The Partnership maintains a reserve for replacements account, a residual receipts account, a restabilization reserve account and other reserves, and a resident services fund. These accounts are reserved for funding capital replacements, holding accumulated residual receipts, funding restabilization expenses after completion of rehabilitation, funding interest payments on the bonds and other restricted uses. The Partnership also maintains mortgage escrows to pay property taxes, property insurance and mortgage insurance. IHO established a resident services fund for the sole purpose of providing resident activities at various project sites. Acacia established a maintenance reserve to pay for costs to maintain the property.

4. Restricted funds (continued)

As of December 31, 2016 and 2015, the balances of these accounts were as follows:

	2016	2015
Reserve for replacements account	$ 265,777	$ 215,248
Residual receipts account	10,553	10,550
Restabilization reserve account	188,043	188,005
Mortgage escrows	48,093	46,847
Other reserves	195,594	195,555
Resident services fund	163,955	158,955
Total restricted cash	$ 872,015	$ 815,160

5. Related party transactions

Partnership management fees
Beginning April 5, 2013, IHO Norwalk, LLC earns an annual partnership management fee of $6,000 from Norwalk. During 2016, IHO Harding Street, LLC began earning $45,000 in fees from Harding. The fees are accrued to the extent unpaid in any given year. For the years ended December 31, 2016 and 2015, the Corporation earned $51,000 and 6,000, respectively. As of December 31, 2016 and 2015, the receivable due from Norwalk was $0 and $1,500, respectively.

Development fee
For the years ended December 31, 2016 and 2015, IHO earned a development fee of $309,512 and $490,488, respectively, from Lincoln for services related to the construction of the related project. As of December 31, 2016 and 2015, development fee receivable from Lincoln was $480,000 and $250,488, respectively.

For the year ended December 31, 2016, IHO earned a development fee of $21,250 from Derian for services related to the construction of the related project. As of December 31, 2016 and 2015, there was no development fee receivable from Derian.

6. Note receivable

On September 23, 2015, IHO entered into a promissory note agreement with HOMEAid Orange County, Inc. in the amount of $300,000 to finance the acquisition and construction of an emergency residential shelter on property at 1130-1140 North Citrus Street, Orange, California. The loan is secured by a Deed of Trust and Security Agreement and matures on September 23, 2019. The loan bears 0% simple interest. In the event of default, the loan will accrue interest at a rate of 10% per annum from the date of default. As of December 31, 2016 and 2015, the outstanding principal and accrued interest was $300,000, respectively. For the years ended December 31, 2016 and 2015, no interest was earned on the note.

7. Deposits

IHO has deposited funds in escrow or made advances for the following project:

Property	2016	2015
Woodbridge Manor 4	$ 9,750	$ 9,750

8. Notes payable

Tax-exempt bond

The Partnership entered into a financing agreement with the County of Orange, California (the "Issuer"), U.S. Bank National Association (the "Trustee") and Capstone Realty to provide for financing the acquisition and rehabilitation of Woodbridge from the proceeds of tax-exempt Multifamily Housing Revenue Bonds, Series 2004A in the amount of $10,500,000.

Bond proceeds (the "Mortgage") were loaned to the Partnership. The Mortgage is secured by a deed of trust on Woodbridge and insured by HUD. The initial portion of the Mortgage was funded to the Partnership on October 8, 2004. The Mortgage bears interest at a rate of 5.47% annually. Monthly payments of principal and interest of $53,942 are due beginning February 1, 2006. The Mortgage was fully funded as of February 8, 2007. The Mortgage matures on January 1, 2046. As of December 31, 2016 and 2015, outstanding principal was $9,413,803 and $9,542,329, respectively, and accrued interest payable was $42,911 and $43,497, respectively. For the years ended December 31, 2016 and 2015, interest expense was $518,189 and $525,047, respectively.

Subordinate bonds

On August 1, 2004, the Partnership entered into a subordinate loan agreement with the Issuer and the Trustee to provide for additional financing for the purchase of Woodbridge from the proceeds of tax-exempt Multifamily Housing Revenue Bonds Series 2004B in the amount of $1,105,000 (the "Series B Bond") and Taxable Multifamily Housing Revenue Bonds Series 2004C in the amount of $7,907,588 (the "Series C Bond"). The Series B and C Bonds are held by IHO and have been eliminated as an intercompany transaction.

City of Irvine note payable

On July 1, 2004, IHO entered into a community development block grant ("CDBG") capital expenditures contract with the City of Irvine in which the City of Irvine promised CDBG funds to help finance the rehabilitation of Woodbridge. On October 6, 2004, the Partnership signed a promissory note with the City of Irvine for $310,000 (the "CDBG Note"). The CDBG Note bears no interest, is payable only from surplus cash, as defined in the Partnership Agreement, and matures in October 2049. The CDBG Note is secured by a subordinate deed of trust on Woodbridge. As of December 31, 2016 and 2015, the outstanding principal for both years was $310,000.

City of Brea notes payable

On March 4, 2014, IHO entered into an agreement for Acacia to obtain three notes ("$900,000 Note," "$650,000 Note," and the "$100,000 Note", collectively the "City Notes") from the City of Brea to help purchase four fourplexes and rehabilitate them. The $900,000 Note, $650,000 Note, and the $100,000 Note are for the maximum amounts of $900,000, $650,000, and $100,000, respectively, and are secured by a deed of trust on Acacia.

8. Notes payable (continued)

City of Brea notes payable (continued)
The $900,000 Note is paid from 50% of residual receipts, beginning on February 24, 2023. The $900,000 Note is non-interest bearing as long as the $900,000 Note is not in default and Acacia does not violate terms of the regulatory agreement. In the event that the $900,000 Note is in default, interest will be at a rate of 10% per annum. Beginning July 1, 2014, the $650,000 Note requires monthly payments of principal and interest equal to $3,605 and bears interest at a rate of 3% per annum. The $100,000 Note is non-interest bearing, and principal is due at maturity. The $900,000 Note, $650,000 Note, and the $100,000 Note mature on December 8, 2066, June 1, 2034, and February 24, 2034, respectively. As of December 31, 2016 and 2015, outstanding principal was $1,586,263 and $1,611,521, respectively, and there was no accrued interest payable. For the years ended December 31, 2016 and 2015, the total interest expense on the City Notes was $18,002 and $22,856, respectively.

Neighborhood Housing Services of Orange County, Inc. note payable
On April 30, 2014, IHO obtained a loan for Acacia in the maximum amount of $350,000 (the "NHSOC Note") from Neighborhood Housing Services of Orange County, Inc., a non-profit public benefit corporation. The NHSOC Note is secured by a deed of trust on the property and bears interest at a rate of 5% per annum. The NHSOC Note requires monthly interest payments, and principal and unpaid interest is due February 26, 2024. For the years ended December 31, 2016 and 2015, interest expense on the NHSOC Note was $17,500 and $16,042, respectively. As of December 31, 2016 and 2015, the principal balance for both years was $350,000.

Century Housing Corporation note payable
On June 10, 2015, IHO obtained a loan for Chicago Linden in the amount of $1,458,000 (the "Century Note") from Century Housing Corporation. The Century Note was secured by a deed of trust on the property and bore variable interest. As of December 31, 2016 and 2015, the interest rate was 5.5% per annum. The Century Note was repaid on January 24, 2017. For the years ended December 31, 2016 and 2015, interest expense on the Century Note was $80,410 and $40,666, respectively. As of December 31, 2016 and 2015, the principal balance both years was $1,458,000, respectively, and accrued interest both years was $6,811.

Notes payable as of December 31, 2016 consists of the following:

	2016
Principal balance	$ 13,118,066
Less: unamortized debt issuance costs	(845,994)
Notes payable, net of unamortized debt issuance costs	$ 12,272,072

	2015
Principal balance	$ 13,271,850
Less: unamortized debt issuance costs	(885,248)
Notes payable, net of unamortized debt issuance costs	$ 12,386,602

Debt issuance costs are being amortized to interest expense over the terms of the notes. For 2016 and 2015, the effective interest rates ranged from 3.07% to 5.90%. During 2016 and 2015, amortization expense for debt issuance costs was $39,254 and $35,935.

8. Notes payable (continued)

Aggregate future minimum principal payments on the notes are due as follows:

Year ending December 31:	
2017	$ 1,619,697
2018	170,100
2019	178,955
2020	188,287
2021	198,117
Thereafter	10,762,850
Total	$ 13,118,066

9. Property management fees

The Partnership has a management agreement with Living Opportunities Management Company ("LOMCO"), a HUD approved management company, and is required to pay a fee each month for services provided during the preceding calendar month. The fee is equal to 4.7% of gross collections received during the preceding month. For the years ended December 31, 2016 and 2015, the Partnership incurred management fees of $155,507 and $135,328, respectively. As of December 31, 2016 and 2015, $11,855 and $11,010, respectively, was payable and included in accrued expenses on the consolidated statements of financial position.

Acacia is managed by Barker Management, Incorporated, a California Corporation, to provide property management services. The fee is equal to 5% of gross receipts. For the years ended December 31, 2016 and 2015, Acacia incurred management fees of $8,074 and $7,770, respectively. As of December 31, 2016, $200 was prepaid and as of December 31, 2015, $0 was payable. These amounts are included in accrued expenses on the consolidated statements of financial position.

Chicago Linden is managed by Full Spectrum Management, Inc., to provide property management services. The fee is equal to 5% of gross receipts. For the years ended December 31, 2016 and 2015, Chicago Linden incurred management fees of $8,884 and $3,792, respectively. As of December 31, 2016 and 2015, $675 was both years payable and included in accrued expenses on the consolidated statements of financial position.

10. Asset management fees

The Partnership pays to Wentwood ORC Advisors, LLC (formerly Red Capital Markets, Inc.) an affiliate of the Investor Limited Partner, an asset management fee equal to $8,500 per annum (increased as of January 1 of each year by the then applicable Consumer Price Index adjustment). Such fee is payable to the extent cash flow is available, as defined in the Partnership Agreement. For the years ended December 31, 2016 and 2015, the Partnership incurred asset management fees of $10,565 and $10,413, respectively. As of December 31, 2016 and 2015, no amount was payable.

11. Deferred grant income

On August 2, 2012, the Partnership received a Home Program Grant from the City of Irvine in the amount of $164,774 for upgrades and improvements completed at Woodbridge. The grant requires Woodbridge to be operated as an affordable housing rental project for very low income seniors and very low income persons with disabilities for a period of five years. Income will be recognized at the end of the 5-year compliance period. As of December 31, 2016 and 2015, deferred grant income was $164,774.

12. Operating lease obligations

On December 21, 2012, IHO entered into a new lease agreement with Centerpointe L.P., to lease office space for a term of 3 years commencing on February 1, 2013. On March 10, 2016, IHO extended its office lease agreement for 3 more years to January 31, 2019. For the years ended December 31, 2016 and 2015, IHO incurred rental expense of $70,737 and $52,466, respectively, and is included in administrative expenses on the consolidated statements of activities.

Future lease obligations are due as follows:

Year ending December 31:	
2017	$ 91,604
2018	94,352
2019	7,882
Total	$ 193,838

13. Changes in consolidated unrestricted net assets

The changes in the Corporation's consolidated unrestricted net assets are reconciled as follows:

	Total	Controlling Interests	Non-controlling Interest
Balance, January 1, 2015	$ 6,112,590	$ 6,112,590	$ -
Change in unrestricted net assets	447,744	447,744	-
Balance, December 31, 2015	6,560,334	6,560,334	-
Change in unrestricted net assets	289,199	264,972	29,227
Balance, December 31, 2016	$ 6,849,533	$ 6,825,306	$ 29,227

14. Temporarily restricted net assets

The changes in the Corporation's consolidated temporarily restricted net assets are reconciled as follows:

	Total	Controlling Interests	Non-controlling Interest
Balance, January 1, 2015	$ 15,505	$ 15,505	$ -
Change in temporarily restricted net assets	(5,625)	(5,625)	-
Balance, December 31, 2015	9,880	9,880	-
Change in temporarily restricted net assets	5,000	5,000	-
Balance, December 31, 2016	$ 14,880	$ 14,880	$ -

15. Housing assistance payments

Tenants' rents of the Partnership are subsidized by HUD under its Section 8 Housing Assistance Payments Program. This program provides assistance to those tenants who qualify by meeting HUD established criteria, including maximum income limitations. The contract obligates HUD to provide rent subsidies through April 2020. For the years ended December 31, 2016 and 2015, rent subsidies totaled $2,490,431 and $2,357,230, respectively. As of December 31, 2016 and 2015, $223 and $155,401, were receivable, respectively.

16. Low-income housing tax credits

The Partnership expects to generate an aggregate of approximately $6,536,226 of low-income housing tax credits ("Tax Credits"). Generally, such credits are expected to become available for use by its partners pro rata over a ten-year period, which began in 2005 for the acquisition and rehabilitation portion of Woodbridge and 2006 for the new construction portion of Woodbridge. In order to qualify for these credits, Woodbridge must comply with various federal and state requirements. These requirements include, but are not limited to, renting to low-income tenants at rental rates which do not exceed specified percentages of area median gross income for the first 15 years of operation. The Partnership has also agreed to maintain and operate Woodbridge as low-income housing for an additional 40 years after the initial 15-year compliance period. Because the Tax Credits are subject to compliance with certain requirements, there can be no assurance that the aggregate amount of Tax Credits will be realized, and failure to meet all such requirements or to correct noncompliance within a specified time period may result in generating a lesser amount of Tax Credits than expected in future years, and/or recapture of Tax Credits previously allocated. A reduction of future credits or recapture would require credit deficit payments to the Limited Partners under the terms of the Partnership Agreement.

As of December 31, 2016 and 2015, $6,529,740 and $6,457,743, respectively, of Tax Credits had been claimed.

The Partnership anticipates generating future Tax Credits as follows:

2017	$ 2,162
2018	2,162
2019	2,162
Total	$ 6,486

17. Contingencies

In the normal course of business, the Corporation and the various affordable housing partnerships in which the Corporation is a general partner, are subject to or a participant in legal claims. The Corporation's management believes the ultimate resolution of these claims will not have a material impact on the financial position of the Corporation.

18. Subsequent events

Subsequent events have been evaluated through December 14, 2017, which is the date the consolidated financial statements were available to be issued. Subsequent events are disclosed in Notes 2 and 8.

SUPPLEMENTAL SCHEDULES

INNOVATIVE HOUSING OPPORTUNITIES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2016

	IHO	Woodbridge Manor, LP	Acacia	Chicago Linden	Pre-Consolidation	Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 3,491,609	$ 776,699	$ 63,715	$ 14,746	$ 4,346,769	$ -	$ 4,346,769
Certificates of deposit	2,254,923	-	-	-	2,254,923	-	2,254,923
Securities, at market value	154,723	-	-	-	154,723	-	154,723
Tenant security deposits - held in trust	-	53,433	15,891	-	69,324	-	69,324
Restricted funds	163,955	679,266	28,794	-	872,015	-	872,015
Rent deposit	4,829	-	-	-	4,829	-	4,829
Accounts receivable - HUD	-	223	24	-	247	-	247
Accounts receivable - other	98,000	1,966	80	8,803	108,849	(8,803)	100,046
Partnership management fee receivable	-	-	-	-	-	-	-
Development fee receivable	480,000	-	-	-	480,000	-	480,000
Prepaid expenses	(462)	36,199	728	-	36,465	-	36,465
Accrued interest income	-	-	-	-	-	-	-
Notes receivable	374,685	-	-	-	374,685	(74,685)	300,000
Total current assets	7,022,262	1,547,786	109,232	23,549	8,702,829	(83,488)	8,619,341
Subordinate bonds	6,554,576	-	-	-	6,554,576	(6,554,576)	-
Subordinate bonds interest receivable	266,958	-	-	-	266,958	(266,958)	-
Investment in Woodbridge Manor, LP	(702,673)	-	-	-	(702,673)	702,673	-
Deposits	969,644	-	-	-	969,644	(959,894)	9,750
Investment in JHC-IHO Lincoln, LLC	-	-	-	-	-	-	-
Fixed assets, net	72,098	13,868,181	1,937,456	2,364,742	18,242,477	(7,283,906)	10,958,571
Intangible assets, net	-	34,951	-	-	34,951	-	34,951
Total assets	$ 14,182,865	$ 15,450,918	$ 2,046,688	$ 2,388,291	$ 34,068,762	$ (14,446,149)	$ 19,622,613
LIABILITIES							
Current liabilities:							
Accounts payable	$ 54,970	$ 95,347	$ 22,214	$ 3,736	$ 176,267	$ (30,564)	$ 145,703
Accrued expenses	-	42,727	(200)	675	43,202	-	43,202
Accrued interest payable	-	309,869	-	6,811	316,680	(266,958)	49,722
Prepaid revenue	-	2,049	282	826	3,157	-	3,157
Due to related parties	8,803	-	41,000	3,121	52,924	(52,924)	-
Notes payable - current portion	-	153,508	23,124	1,443,065	1,619,697	-	1,619,697
Total current liabilities	63,773	603,500	86,420	1,458,234	2,211,927	(350,446)	1,861,481
Tenant deposits payable	-	53,121	15,024	11,425	79,570	-	79,570
Long-term liabilities:							
Deferred gain	6,554,576	-	-	-	6,554,576	(6,554,576)	-
Deferred grant income	-	164,774	-	-	164,774	-	164,774
Notes payable, net of unamortized debt issuance costs	-	15,456,477	1,927,106	1,443,065	18,826,648	(6,554,576)	12,272,072
Less: current portion	-	(153,508)	(23,124)	(1,443,065)	(1,619,697)	-	(1,619,697)
Total long-term liabilities	6,554,576	15,467,743	1,903,982	-	23,926,301	(13,109,152)	10,817,149
Total liabilities	6,618,349	16,124,364	2,005,426	1,469,659	26,217,798	(13,459,598)	12,758,200
UNRESTRICTED NET ASSETS							
Controlling interests							
Board designated	145,791	-	-	-	145,791	-	145,791
Non-designated	7,403,845	(702,673)	41,262	918,632	7,661,066	(986,551)	6,674,515
Non-controlling interests	-	29,227	-	-	29,227	-	29,227
Total unrestricted net assets	7,549,636	(673,446)	41,262	918,632	7,836,084	(986,551)	6,849,533
TEMPORARILY RESTRICTED NET ASSETS							
Contributions	14,880	-	-	-	14,880	-	14,880
Total liabilities and net assets	$ 14,182,865	$ 15,450,918	$ 2,046,688	$ 2,388,291	$ 34,068,762	$ (14,446,149)	$ 19,622,613

INNOVATIVE HOUSING OPPORTUNITIES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2016

	IHO	Woodbridge Manor, LP	Acacia	Chicago Linden	Pre-Consolidation	Eliminations	Consolidated
UNRESTRICTED NET ASSETS							
REVENUES							
Rental revenue	$ -	$ 3,138,646	$ 187,536	$ 161,037	$ 3,487,219	$ -	$ 3,487,219
Interest income	641,375	179	14	-	641,568	(627,890)	13,678
Partnerships flow through income	64,496	-	-	-	64,496	(13,651)	50,845
Gain on sale of Woodbridge Manor	690,000	-	-	-	690,000	(690,000)	-
Developer fee	330,762	-	-	-	330,762	-	330,762
Partnership management fee	51,000	-	-	-	51,000	-	51,000
Other revenue	54,956	6,158	3,352	1,480	70,946	(5,000)	65,946
Net assets released from restrictions	-	-	-	-	-	-	-
Total revenues	1,832,589	3,144,983	190,902	162,517	5,335,991	(1,336,541)	3,999,450
EXPENSES							
Interest	-	1,146,079	35,502	80,410	1,261,991	(627,890)	634,101
Interest - debt issuance costs	-	29,599	528	9,127	39,254	-	39,254
Salaries	612,178	316,573	14,447	-	943,198	-	943,198
Depreciation and amortization	11,983	766,681	24,363	35,420	838,447	(357,115)	481,332
Administrative	471,874	200,291	3,789	(1,323)	674,631	(18,150)	656,481
Operating and maintenance	49,856	283,099	32,895	22,819	388,669	-	388,669
Taxes and insurance	96,994	109,023	19,957	23,864	249,838	-	249,838
Property management fees	-	155,507	8,074	8,884	172,465	-	172,465
Utilities	-	98,336	14,933	6,082	119,351	-	119,351
Asset management fees	-	10,565	-	-	10,565	-	10,565
Travel	14,997	-	-	-	14,997	-	14,997
Total expenses	1,257,882	3,115,753	154,488	185,283	4,713,406	(1,003,155)	3,710,251
CHANGE IN UNRESTRICTED NET ASSETS	574,707	29,230	36,414	(22,766)	622,585	(333,386)	289,199
TEMPORARILY RESTRICTED NET ASSETS							
Contributions	5,000	-		-	5,000	-	5,000
Net assets released from restrictions	-	-	-	-	-	-	-
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	5,000	-	-	-	5,000	-	5,000
CHANGE IN NET ASSETS	579,707	29,230	36,414	(22,766)	627,585	(333,386)	294,199
CONTRIBUTIONS	-	-	-	(29,537)	(29,537)	29,537	-
NET ASSETS, BEGINNING OF YEAR	6,984,809	(702,676)	4,848	970,935	7,257,916	(658,165)	6,570,214
NET ASSETS, END OF YEAR	$ 7,564,516	$ (673,446)	$ 41,262	918,632	$ 7,855,964	$ (991,551)	$ 6,864,413

INNOVATIVE HOUSING OPPORTUNITIES, INC.
CONSOLIDATING STATEMENT OF FINANCIAL POSITION
December 31, 2015

	IHO	Woodbridge Manor, LP	Acacia	Chicago Linden	Pre-Consolidation	Eliminations	Consolidated
ASSETS							
Current assets:							
Cash and cash equivalents	$ 3,224,626	$ 763,710	$ 15,860	$ 4,188	$ 4,008,384	$ -	$ 4,008,384
Certificates of deposit	1,752,065	-	-	-	1,752,065	-	1,752,065
Securities, at market value	648,909	-	-	-	648,909	-	648,909
Tenant security deposits - held in trust	-	53,407	15,926	-	69,333	-	69,333
Restricted funds	158,955	627,420	28,785	-	815,160	-	815,160
Rent deposit	4,819	-	-	-	4,819	-	4,819
Accounts receivable - HUD	-	155,401	-	-	155,401	-	155,401
Accounts receivable - other	2,500	1,499	-	27,127	31,126	(27,127)	3,999
Partnership management fee receivable	1,500	-	-	-	1,500	-	1,500
Development fee receivable	250,488	-	-	-	250,488	-	250,488
Prepaid expenses	5,353	36,760	841	-	42,954	-	42,954
Notes receivable	367,828	-	-	-	367,828	(67,828)	300,000
Total current assets	6,417,043	1,638,197	61,412	31,315	8,147,967	(94,955)	8,053,012
Subordinate bonds	7,244,576	-	-	-	7,244,576	(7,244,576)	-
Subordinate bonds interest receivable	299,845	-	-	-	299,845	(299,845)	-
Investment in Woodbridge Manor, LP	(702,676)	-	-	-	(702,676)	702,676	-
Deposits	1,003,683	-	-	-	1,003,683	(993,933)	9,750
Fixed assets, net	25,709	14,520,493	1,961,819	2,399,540	18,907,561	(7,641,021)	11,266,540
Deferred charges, net	-	46,602	-	-	46,602	-	46,602
Total assets	$ 14,288,180	$ 16,205,292	$ 2,023,231	$ 2,430,855	$ 34,947,558	$ (15,571,654)	$ 19,375,904
LIABILITIES							
Current liabilities:							
Accounts payable	$ 38,039	$ 58,516	$ 9,749	$ -	$ 106,304	$ (26,828)	$ 79,476
Accrued expenses	-	40,362	-	675	41,037	-	41,037
Accrued interest payable	-	343,342	-	6,811	350,153	(299,845)	50,308
Prepaid revenue	-	2,356	485	825	3,666	-	3,666
Due to related parties	20,756	-	41,000	6,371	68,127	(68,127)	-
Notes payable - current portion	-	128,526	23,124	-	151,650	-	151,650
Total current liabilities	58,795	573,102	74,358	14,682	720,937	(394,800)	326,137
Tenant deposits payable	-	53,214	15,313	11,300	79,827	-	79,827
Long-term liabilities:							
Deferred gain	7,244,576	-	-	-	7,244,576	(7,244,576)	-
Deferred grant income	-	164,774	-	-	164,774	-	164,774
Notes payable, net of unamortized debt issuance costs	-	16,245,404	1,951,836	1,433,938	19,631,178	(7,244,576)	12,386,602
Less: current portion	-	(128,526)	(23,124)	-	(151,650)	-	(151,650)
Total long-term liabilities	7,244,576	16,281,652	1,928,712	1,433,938	26,888,878	(14,489,152)	12,399,726
Total liabilities	7,303,371	16,907,968	2,018,383	1,459,920	27,689,642	(14,883,952)	12,805,690
UNRESTRICTED NET ASSETS							
Controlling interests							
Board designated	140,791	-	-	-	140,791	-	140,791
Non-designated	6,834,138	(702,676)	4,848	970,935	7,107,245	(687,702)	6,419,543
Total unrestricted net assets	6,974,929	(702,676)	4,848	970,935	7,248,036	(687,702)	6,560,334
TEMPORARILY RESTRICTED NET ASSETS							
Contributions	9,880	-	-	-	9,880	-	9,880
Total liabilities and net assets	$ 14,288,180	$ 16,205,292	$ 2,023,231	$ 2,430,855	$ 34,947,558	$ (15,571,654)	$ 19,375,904

INNOVATIVE HOUSING OPPORTUNITIES, INC.
CONSOLIDATING STATEMENT OF ACTIVITIES
For the year ended December 31, 2015

	IHO	Woodbridge Manor, LP	Acacia	Chicago Linden	Pre-Consolidation	Eliminations	Consolidated
UNRESTRICTED NET ASSETS							
REVENUES							
Rental revenue	$ -	$ 3,021,792	$ 172,566	$ 74,048	$ 3,268,406	$ -	$ 3,268,406
Interest income	688,337	242	12	-	688,591	(679,740)	8,851
Partnership flow through income	52,078	-	-	-	52,078	43,918	95,996
Gain on sale of Woodbridge Manor	250,000	-	-	-	250,000	(250,000)	-
Developer fee	490,488	-	-	-	490,488	-	490,488
Partnership management fee	6,000	-	-	-	6,000	-	6,000
Other revenue	31,271	15,140	4,452	1,198	52,061	-	52,061
Net assets released from restrictions	5,625	-	-	-	5,625	-	5,625
Total revenues	1,523,799	3,037,174	177,030	75,246	4,813,249	(885,822)	3,927,427
EXPENSES							
Interest	-	1,204,787	38,898	40,666	1,284,351	(679,740)	604,611
Interest - debt issuance costs	-	29,599	528	5,808	35,935	-	35,935
Salaries	521,228	342,760	14,530	-	878,518	-	878,518
Depreciation and amortization	9,866	764,686	24,363	21,437	820,352	(357,115)	463,237
Administrative	488,693	163,814	10,620	132	663,259	-	663,259
Operating and maintenance	42,953	222,790	25,746	11,152	302,641	-	302,641
Taxes and insurance	73,538	108,563	37,221	11,873	231,195	-	231,195
Property management fees	-	135,328	7,770	3,792	146,890	-	146,890
Utilities	-	98,352	20,952	3,384	122,688	-	122,688
Asset management fees	-	10,413	-	-	10,413	-	10,413
Travel	20,296	-	-	-	20,296	-	20,296
Total expenses	1,156,574	3,081,092	180,628	98,244	4,516,538	(1,036,855)	3,479,683
CHANGE IN UNRESTRICTED NET ASSETS	367,225	(43,918)	(3,598)	(22,998)	296,711	151,033	447,744
TEMPORARILY RESTRICTED NET ASSETS							
Net assets released from restrictions	(5,625)	-	-	-	(5,625)	-	(5,625)
CHANGE IN TEMPORARILY RESTRICTED NET ASSETS	(5,625)	-	-	-	(5,625)	-	(5,625)
CHANGE IN NET ASSETS	361,600	(43,918)	(3,598)	(22,998)	291,086	151,033	442,119
CONTRIBUTIONS	-	-	-	993,933	993,933	(993,933)	-
NET ASSETS, BEGINNING OF YEAR	6,623,209	(658,758)	8,446	-	5,972,897	(838,735)	6,128,095
NET ASSETS, END OF YEAR	$ 6,984,809	$ (702,676)	$ 4,848	970,935	$ 7,257,916	$ (687,702)	$ 6,570,214