

## HICKORY WAY APARTMENTS PHASE II

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Submitted by: Avalon Housing, Inc.

To: Ann Arbor Affordable Housing Funds

For: Hickory Way Apartments Phase II

Contact: Wendy Carty-Saxon, [wcarty-saxon@avalonhousing.org](mailto:wcarty-saxon@avalonhousing.org)

Date: August 23, 2019

### 1. Funding Request

Avalon Housing is requesting \$450,000 towards the new construction of Hickory Way Apartments Phase II, located at 1130 S. Maple in Ann Arbor. Avalon is requesting the funds be awarded either as a 0%, deferred payment loan or a grant.

As with Avalon's other tax credit properties, Hickory Way Apartments Phase II will be controlled by a fully owned subsidiary of Avalon Housing. Avalon Housing is the Sole and Managing Member of the General Partner, Hickory Way Apartments II GP, LLC of the Owner, Hickory Way Apartments II LDHA LP. If the City provides the funding to Avalon, Avalon will then loan the funds to Hickory Way Apartments LDHA LP.

## HICKORY WAY APARTMENTS PHASE II

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### 2. Project narrative

Attached is a project narrative that includes the following information:

- a. Name of project
- b. the project location;
- c. whether the project is a new or existing structure;
- d. the number of units (both new and replacement);
- e. description of population to be served/targeted;
- f. percentage of extremely low or very low income benefit (defined as number of households making less than 30% (extremely low) and 50% (very low) and 60% of the current Ann Arbor median income as established by HUD);
- g. period of time which lower income benefit is guaranteed;
- h. provisions to ensure that units will be occupied by low income individuals initially and throughout the project life;
- i. willingness to accept persons holding Housing Choice vouchers;
- j. the project schedule or timeline (which shows the length of time required to complete the project);
- k. the project's current permitting status;
- l. a description of any supportive services provided by the project; and
- m. how the project is consistent with the 2015 Housing Affordability and Economic Equity Analysis

**Project Narrative**  
**Hickory Way Apartments Phase II Ann Arbor**  
**Ann Arbor Affordable Housing Fund**

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*Name/Location/Type of Structure/Background*

Avalon is proposing a new construction development, Hickory Way Apartments Phase II. It is located at 1130 S. Maple in Ann Arbor.

Hickory Way Apartments Phase I and Hickory Way Apartments Phase II are two parts of an overall site condo created for these developments. Avalon has recently begun site work for Hickory Way Apartments Phase I, located at 1120 S. Maple. Phase I will consist of a single, new construction, three-story elevator building with thirty-four (34) one-bedroom units and community space. HWA I will also include six (6) fully accessible units. Phase II will include a 2<sup>nd</sup> three-story elevator building with thirty-six (36) one-bedroom units. The households at Phase II will have access to the community space in Phase I. As is the case at Phase I, all units at HWA Phase II will be visitable with no-step entries. HWA II will also include six (6) fully accessible units.

Hickory Way Apartments Phase II has already received all other funding commitments. We have a received a low income housing tax credit reservation from MSHDA with National Equity Fund as our syndicator. We have also received awards of County HOME Funds and Federal Home Loan Bank Affordable Housing Program Funds. In addition, we have received initial commitment letters from our construction and permanent lenders—Old National Bank and Chelsea State Bank.

We set our initial budget for HWII nearly one year ago, when we applied for Low Income Housing Tax Credits. Construction costs across the region increased substantially during that period. Fortunately for budgeting, we have the very recent and directly comparable costs that we recently received back when our general contractor bid and signed contracts on Hickory Way Apartments Phase I. The costs we are showing in this proforma are consistent with the construction costs from HWA I. To cover these increased costs, we are looking to increase our initially projected

permanent loan, along with this funding request from the Ann Arbor Affordable Housing Fund.

*Number of Units/Description of Population/Affordability Commitments*

Phase II, the subject of this application, will contain the back building, which includes new construction of 36 one-bedroom new units, ranging between 800 and 842 square feet. Below is a projected rent schedule for HWA Phase II

Hickory Way Apartments Rent Schedule Phase II

AMI	Total Units	Bedroom Size	Rent
30% AMI Supportive Housing with PBVs sought from MSHDA	12	1 br	\$1022
30% AMI Supportive Housing units with VASH PBVs	6	1 br	\$1022
50% AMI units	4	1 br	\$815
60% AMI units	14	1 br	\$815
Total	36		

Eighteen (18) units in Phase II (50% of the total Phase II units) will be targeted as supportive housing units. All 18 of these units will be targeted to the most vulnerable populations per Addendum III of MSHDA's LIHTC application (chronically homeless, households referred through the Data Match list, or the top 10% of the local Continuum of Care's prioritized list of homeless households). All supportive housing units at Hickory Way Phase II will have referrals come from the local Housing Assessment and Resource Agency (HARA), Housing Access of Washtenaw County (HAWC). HAWC prioritizes those in the community most in need of supportive housing. Prioritization

will occur through assessments, including by use of the SPDAT, an assessment tool used to evaluate the needs of a homeless household. The HAWC process places households on the Community Housing Prioritization (CHP) list and the Veterans CHP list for veterans, which are then used for referral to available PSH units.

For our supportive housing units in Phase II, we will be seeking Project-Based Vouchers (PBVs) through MSHDA. We also have a commitment for six (6) Veterans Administration Supportive Housing (VASH) vouchers that also meet the MSHDA supportive housing criteria, but will not require MSHDA vouchers. At Phase II, rents for the one-bedroom units projected to have vouchers are currently projected at the payment standard of \$1022.

Consistent with MSHDA PSH structuring, all eighteen (18) of these supportive housing units with PBV's will be restricted to households at or under 30% of AMI, and who are homeless. The underlying unit income restriction is set at 50% AMI for purposes of LIHTC compliance. MSHDA ties the deep affordability at 30% AMI to the PBV's while providing the ability to underwrite 50% AMI rents in the initial LIHTC application.

For the remaining units, in Phase II, four (4) will be restricted to household at or below 50% of AMI. The other fourteen (14) one-bedroom units will be restricted to households at or below 60% of AMI. Rents for the non-vouchered units are set at \$851/month. These non-vouchered rents create a rent structure that allows working households in low wage jobs the ability to afford the rents, even without a project- or tenant-based voucher.

#### *Affordability Period*

As part of our HOME Funding commitments, we are committing to affordability through at least a thirty (30) year term. Under our MSHDA Low Income Housing Tax Credit award, the initial LIHTC term is for 15 years, with an extended use period of 30 additional years, for a total affordability period of 45 years. We have also entered into 99-year affordability terms with the City in the past, and would be willing to do so again, were the City to desire it.

Avalon will ensure the units will be occupied by low income individuals throughout the project life. Avalon Housing is experienced in screening tenants for income eligibility and

preparing initial and annual income certifications. Avalon will manage this property in compliance with HOME regulatory obligations enforced by Washtenaw County, and the Low Income Housing Tax Credit obligations enforced by MSHDA and the IRS.

### *Housing Choice Vouchers*

Consistent with Avalon's policies at all of our developments, Avalon does not discriminate against persons using Section 8 vouchers. Avalon will accept Section 8 vouchers or other rental assistance for eligible tenants and not require total income for persons with rental assistance beyond that which is reasonably available to supportive housing tenants.

### *Schedule*

As we have approvals for our other funding sources, we anticipate that we will quickly be able to close and begin construction.

<b>Activity</b>	<b>Date</b>
County HOME Award	May 2017
Federal Home Loan Bank AHP award	November 2018
LIHTC Reservation	February 2019
AAAHF approval	September 2019 (projected)
Closing on financing and property acquisition	October 1, 2019
Approval of final Specs, Drawings	September 2019 (projected)
Begin Construction	October 1, 2019
50% Construction Completion	April 1, 2020
Complete Construction	October 1, 2020
Certificates of Occupancy	October 1, 2020
Lease up	October – December 2020

### *Current Permitting Status*

The property has valid zoning and site plan approvals. Construction documents have been submitted to the City and to Washtenaw County Office of Community Economic Development staff and are currently under review. We expect to receive a letter acknowledging that necessary permits are ready to be picked up prior to closing.

## Supportive Service

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As a nonprofit, mission-driven landlord, Avalon's Property Management and Maintenance Teams work to support tenants by building positive relationships and creating eviction prevention plans for at-risk tenants. Examples of this **Enhanced Property Management** model include weekly unit inspections, payment plans, community meetings, and close coordination with support services.

All Supportive Housing residents are eligible to receive a wide variety of creative one-on-one supports and to participate in our community programs. We work with tenants in their home, in community centers, and throughout the community. Services are individualized, flexible and vary in intensity as needed. Definitions of permanent supportive housing vary among funders. Avalon considers 100% of our units to be permanent supportive housing, as we offer supportive services to all our tenants, combined with our enhanced property management.

**Individualized Supports** help tenants address behaviors and challenges that may lead to eviction and a return to homelessness. Including:

- Case Management: assessment, goal setting, and action plans
- 24/7 on-call crisis response
- Assistance with basic needs and with maintaining a safe and healthy household
- Advocacy and support with health care, substance abuse and mental health systems
- Medication management and transportation to critical appointments
- Support and advocacy around parenting and child welfare issues

**Community Programs** that provide resources and help build, including:

- On-site Community Resource Centers
- Employment and Education support
- Edible Avalon Community Gardens
- Food Pantries
- Resident Leadership Programs
- Recovery groups, parenting support, financial management, neighborhood safety, yoga classes, health fairs and more!

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## Our Guiding Principles

**Avalon's Mission:** We believe that housing is a basic human right. Our mission is to build healthy, safe and inclusive supportive housing communities as a long-term solution to homelessness.

### 1. Housing First and Harm Reduction:

We believe housing is a basic human right. Without safe, decent affordable housing, it is extremely difficult to maintain stability and live productively in our community. If you are faced with managing a disability, it's even harder. We offer housing to anyone in need, with no pre-conditions or requirements and then provide the supports they need to keep it. All services are voluntary. This is a harm reduction model that strives to keep people safe while on their individual path to recovery.

### 2. Property Management and Services working together makes the difference:

At Avalon, the “landlords” and the “social workers” have the same goal – preventing eviction. These two teams engage in regular communication and coordination about how best to assist high-risk tenants. Together they craft eviction prevention plans, creative engagement strategies, and look for ways to accommodate our tenants' special needs.

### 3. Build Trust, Peer Support and Community:

More than 20 years of experience has taught us that building community is one of the most important parts of our work. Our tenants have experienced long term poverty, homelessness, disability, trauma and family violence – all of which can lead to despair and distrust. Being part of a healthy and productive community reduces isolation and stigma, and fosters a sense of hope and a belief that things can change. We are committed to tenant leadership and peer support as one of the most important paths to self-determination.

The community center amenities are to include a kitchen area, bathrooms, a meeting room, offices for supportive services (such as case management and employment



services), and offices for property management. Laundry facilities will be available to all units through common laundry rooms. All units will have internet capabilities. The Development plan will integrate green space throughout and include many healthy living enhancements.

The community center is located in Phase I. As Phase I has recently received approval, the community space will be in place for tenants at Phase II when Phase II is built and will be available equally to both Phase I and Phase II households. An easement agreement will be executed by the ownership entities of each phase, detailing and ensuring equal access of households from each phase to the community spaces. The Accessible Community Space includes both a larger open community center area, along with a fitness area and clinic space. These total 1854 square feet of combined accessible community space, with the community center open space alone at 1107 square feet. This exceeds the requirement for the combined 70-unit site. There are also three separate individual meeting rooms of over 100 square feet.

### *Housing Affordability and Economic Equity Analysis*

With the publication of the Housing Affordability and Economic Equity Analysis in January 2015 and its subsequent review and adoption by the County and other local governments, a clear guide was established for addressing housing market and economic inequity in Washtenaw County. Avalon's work to date—292 units of housing affordable to our community's lowest income and most disadvantaged residents, with all but one property in the City of Ann Arbor, and the other one in the City of Chelsea—is entirely consistent with the goals found in that report. In particular, this project addresses the following goals found in the assessment:

- The addition of thirty-six (36) units of affordable non-student rental housing in Ann Arbor contributes towards the annual goal of 140 of these units and the 2035 goal of 2,797 of these units (pg. 38-39, Affordable Housing Needs Assessment).

- These units are well located in relation to public transportation and are close to job centers—thus providing affordable housing in a location that is convenient for residents and less likely to contribute to increased commuting pressure (pg. 6, Affordable Housing Needs Assessment).
- The Executive Summary indicates: “Right now, the market is a doing an adequate job of addressing significant portions of the rental housing needs of working families. But families with poor credit and work histories, disabilities, or other challenges are not being served by the market” (pg. 5, Affordable Housing Needs Assessment, emphasis added). These are exactly Avalon’s target tenant households.
- The Hickory Way development utilizes a scarce undeveloped infill site within Ann Arbor consistent with one of the policy opportunities described in the report (pg. 12, Affordable Housing Needs Assessment).
- The addition of more units targeted to end homelessness in Ann Arbor is another policy opportunity described in the report (pg. 12, Affordable Housing Needs Assessment).
- This project’s rent targeting with half the units focused on households with incomes below 30% AMI (using rent vouchers) and half the units focused on households with incomes at or below 50% or 60% AMI (with rents set below the County-wide Fair Market Rents, well below Ann Arbor market rents) is consistent with the affordability needs highlighted in the Needs Assessment. Ann Arbor City households with incomes below \$20,000 and with incomes between \$20,000 - \$34,999 face the highest level of affordability challenges (pg. 29, Affordable Housing Needs Assessment).

## HICKORY WAY APARTMENTS PHASE II

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### 3. Description of organization

#### a. Organization history

Avalon is the sponsor, developer, property manager and will be the Sole and Managing Member of the General Partner for the proposed acquisition and new construction of Hickory Way Apartments II in Ann Arbor. Avalon has twenty-seven (27) years of experience in developing, owning and managing supportive housing. Avalon currently operates 292 units of supportive housing at twenty-five sites within Washtenaw County. 24 sites are within Ann Arbor, and one is in Chelsea. We also provide support services to our tenants, and to over 200 residents of public housing and private landlords throughout the County

#### b. Other projects completed;

201 W. William, Ann Arbor  
532 N. Main, Ann Arbor  
518, 520, 522 S. Division, Ann Arbor  
211 E. Davis, Ann Arbor  
Stimson Apartments, Ann Arbor  
610 W. Summit, Ann Arbor  
125 and 127 Allen, Ann Arbor  
1217 W. Huron, Ann Arbor  
115 and 119 N. Glendale, Ann Arbor  
Arbordale Apartments, Ann Arbor  
411 N. Ashley, Ann Arbor  
1305-1313 Pontiac Trail, Ann Arbor  
517 W. Summit, Ann Arbor  
Carrot Way Apartments, Ann Arbor  
426 S. First, Ann Arbor  
819 Third, Ann Arbor  
1675/1677 Broadway, Ann Arbor  
1440 Pear Street, Ann Arbor  
701 Miller, Ann Arbor  
Pauline Apartments, Ann Arbor

815/821 Gott Street, Ann Arbor  
Sharon Ann Apartments, Chelsea  
100/102 and 112/114 Glendale, Ann Arbor  
1911/1913 Dexter, Ann Arbor  
104/106 and 124/126 Glendale, Ann Arbor

See attached list of Avalon properties including development financing, at the end of this section.

- c. History in managing other rental property including conditions of buildings;

Avalon has self-managed its housing stock from its inception in 1992. We are experienced in property and asset management. Our team includes a Property Management Director, a Property Management Team Leader, 3 Property Managers, a Certification Specialist, a Property Management Assistant, a Facilities Manager, a Team Lead, 3 Maintenance Technicians, a Cleaning Tech, a Groundskeeper, and a Senior Project Manager—Asset Management. Our properties are regularly inspected by a range of entities including the City of Ann Arbor (Certificates of Occupancy), MSHDA, Limited Partner Investors (for LIHTC developments), Washtenaw County (HOME compliance) and private lenders with either loans or FHLB AHP grant obligations. Our stated goal is that our properties should be the best property on the block, in recognition of the scrutiny that affordable and publicly subsidized housing encounters.

- d. Applicant's performance on other similar projects, or unique or special organizational characteristics which would indicate the capacity to carry out housing activities; and

Avalon Housing is an experienced developer, owner, manager and service provider as described above. We are particularly well situated to successfully develop and operate Hickory Way Apartments Phase II because we have specific history with this housing type and in this neighborhood. We have recently begun construction work at Hickory Way Apartments Phase I. HWA Phase I includes the same funding partners as proposed for HWA Phase II. In addition, Avalon has developed and managed two other new construction low income housing tax credit developments which also have similar overall funding sources and regulatory restrictions—Pauline Apartments and

Carrot Way Apartments. Avalon has successfully operated Pauline Apartments since initial lease-up in 2013, and Carrot Way since initial lease up in 2005. In addition, Avalon has successfully developed multiple other low income housing tax credit developments, including successfully seeing two developments through the end of their initial compliance periods. Both of these projects maintained affordability commitments—Arbordale Apartments through a resyndication with LIHTC's, while 201 W. William brought in other additional HOME regulatory funding commitments.

e. financial information on organization:

- i. **If Annual Total Organizational Revenue of \$500,000+:** please attach your most recent independent financial audit and SAS114, and 115 if applicable, to this application.

**Attached**

- ii. **If Annual Total Organizational Revenue of \$250,000 or more and less than \$500,000:** the Housing and Human Services Advisory Board (HHSAB) would prefer that you attach your most recent independent financial audit and SAS114, and 115 if applicable, to this application. If an audit is not conducted, then please attach an independent financial review to this application.

**Not Applicable**

- iii. **If Annual Total Organizational Revenue of less than \$250,000:** the Housing and Human Services Advisory Board (HHSAB) would prefer that you attach your most recent independent financial audit and SAS114, and 115 if applicable, or an independent financial review to this application. If neither of these is conducted then please attach your most recent Board approved fiscal year financial statements and IRS submission to this application.

**Not Applicable**

- iv. Attach your most recent 2 years of Form 990s as submitted to the IRS to this application.

**Attached.**

- v. Attach copies of your current and prior year Board-approved agency budget and current and prior year-end financial statements to this application.

**Attached.**

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vi. Attach a copy of your current reserve policy to this application.

**Attached.**

## HICKORY WAY APARTMENTS PHASE II

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4. Attach to this application your project pro forma and budget that includes:

a. complete financial package;

Development and Operating Proformas are attached separately

b. amount and type of project funding that is committed and secured;

Low Income Housing Tax Credit Equity, \$8,540,803, Committed

County HOME Funds, \$36,500, Committed

Federal Home Loan Bank, AHP, Committed

Permanent Loan, Chelsea State Bank, \$1,000,000 (\$600,000 Committed, submitted request for increase to \$1,000,000)

GP Capital, \$100, Committed

Deferred Fee, \$216,146, Committed

Ann Arbor Affordable Housing Fund, Submitted

c. cost effectiveness of project in terms of meeting need (both total cost per unit and total Trust funds per unit);

Cost per unit: The Total Development Cost per unit is \$293,474. There are a number of factors that result in these per unit development costs. Buildable land acreage within the City of Ann Arbor is a valuable and increasingly rare commodity and the land prices reflect this. The land costs were supported by an appraisal, but are still higher than they would be in many other communities. The City and County requirements for retaining storm water on-site combined with the narrow nature of the site results in higher site development costs. As the funding sources for this development includes project-based vouchers, all construction work must comply with Davis-Bacon wage requirements. As a self-managed supportive housing development that may experience additional wear and tear with the identified population, we at times opt for mid-range durable materials, rather than the lower cost and quality that will require frequent replacement. The per unit costs are consistent with other new construction developments we have completed in the City of Ann Arbor. The tenants will benefit from strong neighborhood schools and the various City amenities. The per unit development costs are within MSHDA's requirements.

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AAHF contribution per unit: The AAHF request one of the smaller per unit funding requests for Hickory Way Phase II at \$12,500 per unit. The per unit equity is far greater at \$237,245 per unit. The Permanent loan is also more than double the AAHF amount at \$27,778 per unit. While the County HOME Funding per unit is only at \$1,014 for Phase II, when combined with Phase I, County Home funds are at \$10,392 averaged across both properties, not far from the \$12,500 proposed for AAHF.

- d. utilization of Housing Funds to leverage other funding sources whenever possible, particularly other subsidized or below market sources.

The requested \$450,000 in funding from AAHF will leverage \$8,898,818 in other subsidized funds (LIHTC, HOME and AHP) and a total of \$1,216,246 in other financing. AAHF financing represents 5% of subsidized financing and 4% of total financing.





# AVALON HOUSING

## Property List

*Properties owned by Avalon or its subsidiaries as of January 2019*

1. **201 W. William St.**, 1925 wood frame house. Acquired 1992. 6 efficiency apartments.

Financing: \$229,143 total cost  
\$100,000 City of Ann Arbor Housing Trust Fund  
\$ 26,193 Michigan Housing Trust Fund  
\$ 90,000 Tax credit syndication. Limited Partners National City,  
Key, Comerica, Bank One



2. **532 N. Main St.**, 1900 brick house. Acquired 1992. 1 one-bedroom apartment & 6 sleeping rooms.

Financing: \$184,800 total cost  
\$ 102,500 City of Ann Arbor HOME Funds & Housing Trust Funds  
\$ 25,000 Federal Home Loan Bank Affordable Housing Program  
\$ 57,300 Great Lakes National Bank



3. **518, 520, 522 S. Division St.**, 1900, 1910 & 1930 wood frame houses. Acquired 1993. 10 sleeping rooms & 3 efficiencies & 2 one-bedroom apartments & 1 two-bedroom apartment.

Financing: \$570,000 total cost  
\$405,000 City of Ann Arbor HOME Funds & CDBG Funds  
\$ 90,000 Federal Home Loan Bank Affordable Housing Program  
\$ 75,000 Washtenaw County



4. **211 E. Davis St.**, 1940 concrete and stucco building. Acquired 1994. 14 efficiency apartments & 1 one-bedroom Pilot Light tenants organization unit.

Financing: \$524,250 total cost  
\$334,250 City of Ann Arbor HOME Funds  
\$ 95,000 Federal Home Loan Bank Affordable Housing Program  
\$ 50,000 Michigan Housing Trust Fund  
\$ 45,000 Washtenaw County



5. **Stimson Apartments**, 1959 & 1960 wood frame and brick veneer buildings. Acquired 1994. 18 one-bedroom units & 5 two-bedroom units

Financing: \$908,158 total cost  
\$550,000 City of Ann Arbor HOME Funds & CDBG Funds  
\$180,000 Federal Home Loan Bank Affordable Housing Program  
\$ 70,000 Adrian Dominican Sisters  
\$ 58,158 First of America/CCI  
\$ 50,000 Washtenaw County



6. **610 W. Summit**, 1900 wood frame house. Acquired 1995. 5 efficiency apartments & 1 1-bedroom apartment

Financing: \$221,011 total cost  
\$125,000 City of Ann Arbor HOME Funds  
\$ 40,000 Federal Home Loan Bank Affordable Housing Program  
\$ 40,000 Washtenaw County  
\$ 16,011 Michigan Housing Trust Fund



7. **125 & 127 Allen**, 1963 block and wood frame duplexes. Acquired 1995/6. 4 2-bedroom apartments.

Financing: \$221,175 total cost  
\$110,000 Michigan State Housing Development Authority  
\$ 43,175 City of Ann Arbor HOME Funds  
\$ 40,000 Washtenaw County  
\$ 28,000 Federal Home Loan Bank Affordable Housing Program



8. **1217 W. Huron**, 1869 wood frame house. Acquired 1996. 5 efficiency apartments & 2 1-bedroom apartments.

Financing: \$363,025  
\$153,925 City of Ann Arbor HOME Funds  
\$110,500 Michigan State Housing Development Authority  
\$ 40,000 Washtenaw County  
\$ 38,500 Federal Home Loan Bank Affordable Housing Program  
\$ 20,100 Local Initiatives Support Corporation



9. **115 & 119 N. Glendale**, 1963 block and wood frame duplexes. Acquired 1997. 4 2-bedroom apartments

Financing: \$285,000 total cost  
\$124,000 Michigan State Housing Development Authority  
\$124,000 City of Ann Arbor HOME Funds  
\$ 25,000 Washtenaw County  
\$ 12,000 Federal Home Loan Bank Affordable Housing Program



10. **Arbordale Apartments**, 1957 wood frame and brick veneer buildings. Acquired 1998. 34 1-bedroom apartments & 5 2-bedroom apartments & 1 2-bedroom service provision unit

Financing: \$4,615,975 total cost  
\$2,061,815 Tax credit syndication: National Equity Fund, limited  
\$1,400,000 MSHDA HOME Funds  
\$ 730,000 City of Ann Arbor HOME Funds & Housing Trust Funds  
\$ 178,660 General Partner Equity  
\$ 175,500 Federal Home Loan Bank Affordable Housing Program  
\$ 70,000 Washtenaw County



11. **411 N. Ashley**, 1900 wood frame house. Acquired 1998. 6 sleeping rooms & basement service provision office space.

Financing: \$369,213 total cost  
\$136,105 Ann Arbor Downtown Development Authority  
\$100,000 MSHDA  
\$ 74,508 HUD-Supportive Housing Program  
\$ 33,600 City of Ann Arbor Housing Trust Funds  
\$ 25,000 Federal Home Loan Bank Affordable Housing Program



12. **1305 – 1313 Pontiac Trail**, 1968 wood frame & brick veneer duplexes. Acquired 2000. 4 2-bedroom apartments.

Financing: \$466,582 total cost  
\$270,000 Corporation for Supportive Housing (bridge loan)  
\$242,582 City of Ann Arbor HOME Funds & CDBG Funds  
\$160,000 MSHDA  
\$40,000 Washtenaw County  
\$24,000 Federal Home Loan Bank Affordable Housing Program



13. **517 W. Summit**, 1992 wood frame duplex. Acquired 2003. 2 3-bedroom apartments.

Financing: \$316,075 total cost

\$150,000 City of Ann Arbor HOME Funds

\$ 60,000 MSHDA

\$ 25,000 Washtenaw County

\$ 81,075 Local Initiatives Support Corporation



14. **Carrot Way Apartments**, new construction wood frame buildings. Completion 2005. 6 1-bedroom, 16 2-bedroom & 8 3-bedroom units with an on-site community building.

Financing: \$5,484,128 total cost

\$2,600,144 Tax credit syndication: Great Lakes Capital Fund, limited partner

\$1,450,000 MSHDA HOME Funds

\$1,000,000 City of Ann Arbor HOME Funds

\$ 200,000 Religious Action for Affordable Housing

\$ 135,000 Federal Home Loan Bank Affordable Housing Program

\$ 80,984 General Partner Equity



15. **426 S. First**, 1966 Two-level, wood-frame building. Acquired 2006. 6 1-bedroom, 1 2-bedroom units.

Financing: \$1,078,950 total cost

\$525,000 City of Ann Arbor HOME Funds

\$300,000 MSHDA HOME Funds

\$153,950 Downtown Development Authority

\$ 75,000 LISC

\$ 25,000 Private Investment



16. **819 Third Street**, 1930 wood-frame brick veneer building. Acquired 2007. 2 Efficiency, 4 1-bedroom units.

Financing: \$1,000,000 total cost

\$500,000 MSHDA

\$415,000 City of Ann Arbor HOME Funds

\$ 60,000 Downtown Development Authority

\$ 25,000 Washtenaw County



17. **1675/1677 Broadway**, 1928 wood-frame, brick veneer building. Acquired 2007. 2 1-bedroom, 1 2-bedroom and 1 3-bedroom units.

Financing: \$780,000  
\$360,000 MSHDA  
\$355,000 City of Ann Arbor HOME Funds  
\$ 40,000 Federal Home Loan Bank  
\$ 25,000 Washtenaw County



18. **Pear St. Apartments**, 1960's block apartment building, Acquired 2008. 20 1-bedroom apartments.

Financing: \$3,025,468 total cost  
\$1,042,303 Tax credit syndication: Great Lakes Capital Fund, limited partner  
\$ 500,000 MSHDA Homeless Initiatives Funding  
\$ 845,000 City of Ann Arbor HOME Funds  
\$ 233,056 Nonprofit loan: Capital Fund Services  
\$ 200,000 Federal Home Loan Bank Affordable Housing Program  
\$ 189,100 MSHDA Housing & Community Development Fund  
\$ 16,000 Deferred developer fee



19. **701 Miller**, 1965 wood frame apartment block with stucco veneer, acquired 2011. 22 2-bedroom units and 1 Efficiency plus a Community Center.

Financing: \$3,723,964 total cost  
\$1,456,120 MSHDA NSP  
\$ 598,889 Washtenaw County HOME Funds  
\$ 567,166 City of Ann Arbor HOME Funds  
\$ 410,263 City of Ann Arbor NSP  
\$ 263,425 Ann Arbor DDA  
\$ 230,000 Federal Home Loan Bank  
\$ 103,598 Washtenaw County CDBG  
\$ 94,503 Deferred Developer Fee



20. **Pauline Apartments**, 2013 wood frame buildings. 6 1-bedroom units, 14 2-bedroom units, and 12 3-bedrooms, plus a Community Center.

Financing: \$10,847,544 total cost  
\$6,934,800 Tax Credit Syndication: NEF, limited partner  
\$2,318,324 MSHDA HOME Funds  
\$ 750,000 Federal Home Loan Bank  
\$ 500,000 Washtenaw Urban County CDBG  
\$ 344,320 Deferred Developer Fee



\$ 100 General Partner Capital Contribution

21. **815/821 Gott Street**, 1901 wood frame triplexes. Acquired 2016. One efficiency, four one-bedroom, one two-bedroom apartments.

Financing: \$984,620 total cost  
\$375,000 Washtenaw County HOME  
\$368,720 Federal Home Loan Bank  
\$183,400 Perm Loan Chelsea State Bank  
\$ 50,000 City of Ann Arbor Affordable Housing Fund  
\$ 7,500 Deferred Developer Fee



22. **Sharon Ann Apartments**, 1901 wood frame triplexes. Acquired 2017. 14 one-bedroom apartments, plus an onsite Community Center.

Financing: \$2,819,867 total cost  
\$1,936,415 Tax Credit Syndication: Cinnaire, limited partner  
\$500,000 Federal Home Loan Bank  
\$250,000 Perm Loan Chelsea State Bank  
\$50,000 Sponsor Loan  
\$17,000 Faith in Action Loan  
\$100 GP Equity  
\$66,352 Deferred Developer Fee



23. **100/102 & 112/114 Glendale**, 2 1960's wood frame, brick veneer duplexes. Acquired 2017. 4 two-bedroom apartments.

Financing: \$613,333 total cost: *\$33,333 new financing + \$580,000 in assumed debt*  
\$33,333 Ann Arbor Housing Trust Fund (new)  
\$240,000 MSHDA HOME (assumed)  
\$300,000 City of Ann Arbor HOME (assumed)  
\$ 40,000 Washtenaw County (assumed)

24. **1911/1913 Dexter**, 1 1960's wood frame, brick veneer duplex. Acquired 2017. 2 one-bedroom apartments.

Financing: \$162,667 total cost: *\$16,667 new financing + \$146,000 in assumed debt*  
\$16,667 Ann Arbor Housing Trust Fund (new)  
\$129,000 City of Ann Arbor HOME (assumed)  
\$ 17,000 Washtenaw County (assumed)

25. **104/106 & 124/126 Glendale**, 2 1960's wood frame, brick veneer duplexes. Acquired 2018. 2 two-bedroom apartments and 2 3-bedroom apartments.

Financing: \$1,020,402 total cost  
\$565,402 Washtenaw County HOME  
\$290,000 Federal Home Loan Bank  
\$165,000 Perm Loan Chelsea State Bank

**PROJECT PROFORMA - Hickory Way Apartments Phase 2**

TOTAL NUMBER OF UNITS	36
One-bedroom	36

**DEVELOPMENT BUDGET**

	TOTAL COST	PER UNIT COST
<b>Acquisition</b>		
Land	\$295,000.00	\$8,194
<b>TOTAL ACQUISITION COSTS</b>	<b>\$295,000.00</b>	<b>\$8,194</b>

**II. New Construction Costs**

New construction cost (estimated)	\$6,300,000.00	\$175,000
GRPO	\$920,253.60	\$25,563
New construction contingency	\$361,012.68	\$10,028
<b>TOTAL CONSTRUCTION COSTS:</b>	<b>\$7,581,266.28</b>	<b>\$210,591</b>

**III. Soft Costs**

Survey/Engineering	\$30,000.00	\$833
Appraisal	\$6,800.00	\$189
Environmental	\$20,000.00	\$556
Architectural fees	\$150,000.00	\$4,167
City Site Plan Fees	\$6,000.00	\$167
Market study	\$4,000.00	\$111
Developer Fee (15%)	\$1,225,000.00	\$34,028
Commitment Fees	\$0.00	\$0
Cost Certification and 10% carry over accounting	\$12,500.00	\$347
Legal fees	\$40,000.00	\$1,111
Perm loan origination fees	\$6,000.00	\$167
Perm loan title	\$0.00	\$0
Perm Loan Legal	\$4,500.00	\$125
Bridge Loan orig and legal	\$20,000.00	
Bridge Loan Interest	\$35,000.00	
Bridge Loan taxes	\$2,000.00	
Construction loan origination fee	\$52,250.00	\$1,451
Construction loan legal fees	\$30,000.00	\$833
Construction loan interest	\$268,000.00	\$7,444
Tax Credit fees, 6% plus app fee	\$59,523.75	\$1,653
Tax Credit Compliance fees	\$17,100.00	\$475
MSHDA loan commitment fees	\$0.00	\$0
Inspection fees (Engineer/contractor)	\$7,400.00	\$206
Syndicator Legal fees	\$55,000.00	\$1,528
Title insurance, Recording fees, UCC fees	\$35,000.00	\$972
Contractor Cost Cert	\$15,000.00	\$417
Building Permit and Bond	\$92,462.00	\$2,568
Permits, fees, incl w/s connxn, Footing drain discon	\$162,174.00	\$4,505
Taxes at closing	\$4,000.00	\$111
Construction period insurance	\$27,000.00	\$750
Construction period utilities	\$2,000.00	\$56
Relocation	\$0.00	\$0
Equipment and Furnishings	\$40,000.00	\$1,111
One Month GRP	\$28,122.00	\$781
Operating Reserve	\$111,966.33	\$3,110
Operating Deficit Reserve	\$20,000.00	\$556
Services reserve	\$0.00	\$0
Additional Synd Op and Lender Reserve	\$100,000.00	\$2,778
Replacement Reserve	\$0.00	\$0

TOTAL SOFT COSTS: \$2,688,798.08 \$74,689

**TOTAL DEVELOPMENT COSTS (I+II+III) \$10,565,064 \$293,474 \$293,474**

\$9,740,352.28  
 \$11,688,422.74  
 \$1,051,958.05  
 \$965,159.00  
 \$965,062.48  
 \$9,650,624.84  
 \$8,540,803

**SOURCES OF FINANCING**

LP Equity (LIHTC), anticipated	\$8,540,803.00	\$237,245	Equity
County HOME Funds	\$36,500.00	\$1,014	
Sponsor Loan--FHLB app	\$321,515.00	\$8,931	0% interest, 50 yc
Permanent Loan	\$1,000,000.00	\$27,778	6%, 18.5 yr, 18.5
Ann Arbor Affordable Housing Fund	\$450,000.00	\$12,500	
GP Capital	\$100.00	\$3	
Deferred fee	\$216,146.00	\$6,004	

**TOTAL \$10,565,064 \$293,474**

Prepared by Avalon Housing

**Hickory Way Apts Phase II Proforma  
OPERATING PRO FORMA \***

No. of units:	36	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Year 11	Year 12	Year 13	Year 14	Year 15
<b>INCOME</b>																
Rental income		\$396,576	\$400,542	\$404,547	\$408,593	\$412,679	\$420,932	\$429,351	\$437,938	\$446,697	\$455,630	\$464,743	\$474,038	\$483,519	\$493,189	\$503,053
other income		\$1,000	\$1,010	\$1,020	\$1,030	\$1,041	\$1,061	\$1,083	\$1,104	\$1,126	\$1,149	\$1,172	\$1,195	\$1,219	\$1,244	\$1,268
vacancy	6%	(23,795)	(24,033)	(24,273)	(24,516)	(24,761)	(25,256)	(25,761)	(26,276)	(26,802)	(27,338)	(27,885)	(28,442)	(29,011)	(29,591)	(30,183)
Effective gross rent		\$373,781	\$377,519	\$381,294	\$385,107	\$388,958	\$396,738	\$404,672	\$412,766	\$421,021	\$429,442	\$438,030	\$446,791	\$455,727	\$464,841	\$474,138
<b>EXPENSES</b>																
Maintenance Labor	\$730	26,280	\$27,068	\$27,880	\$28,717	\$29,578	\$30,466	\$31,380	\$32,321	\$33,291	\$34,289	\$35,318	\$36,378	\$37,469	\$38,593	\$39,751
Maintenance Supplies	\$375	13,500	\$13,905	\$14,322	\$14,752	\$15,194	\$15,650	\$16,120	\$16,603	\$17,101	\$17,614	\$18,143	\$18,687	\$19,248	\$19,825	\$20,420
Supplies, Unit Furnishings	\$222	8,000	\$8,240	\$8,487	\$8,742	\$9,004	\$9,274	\$9,552	\$9,839	\$10,134	\$10,438	\$10,751	\$11,074	\$11,406	\$11,748	\$12,101
Management Staff	\$1,350	48,600	\$50,058	\$51,560	\$53,107	\$54,700	\$56,341	\$58,031	\$59,772	\$61,565	\$63,412	\$65,314	\$67,274	\$69,292	\$71,371	\$73,512
Contractual Services	\$950	34,200	\$35,226	\$36,283	\$37,371	\$38,492	\$39,647	\$40,837	\$42,062	\$43,324	\$44,623	\$45,962	\$47,341	\$48,761	\$50,224	\$51,731
Electricity	\$720	25,920	\$26,957	\$28,035	\$29,156	\$30,323	\$31,532	\$32,783	\$34,076	\$35,412	\$36,791	\$38,207	\$39,663	\$41,161	\$42,703	\$44,291
Gas	\$320	11,520	\$11,866	\$12,222	\$12,588	\$12,966	\$13,355	\$13,755	\$14,168	\$14,593	\$15,031	\$15,482	\$15,946	\$16,425	\$16,918	\$17,425
Water & Sewer	\$300	10,800	\$11,340	\$11,907	\$12,502	\$13,127	\$13,784	\$14,473	\$15,197	\$15,957	\$16,754	\$17,592	\$18,472	\$19,395	\$20,365	\$21,383
Property taxes/PILOT	\$1	36	36	36	36	36	36	36	36	36	36	36	36	36	36	36
Insurance	\$611	21,996	\$22,656	\$23,336	\$24,036	\$24,757	\$25,499	\$26,264	\$27,052	\$27,864	\$28,700	\$29,561	\$30,448	\$31,361	\$32,302	\$33,271
Replacement reserves	\$300	10,800	\$11,124	\$11,458	\$11,801	\$12,155	\$12,520	\$12,896	\$13,283	\$13,681	\$14,092	\$14,514	\$14,950	\$15,398	\$15,860	\$16,336
Administrative expenses	\$150	5,400	\$5,562	\$5,729	\$5,901	\$6,078	\$6,260	\$6,448	\$6,641	\$6,841	\$7,046	\$7,257	\$7,475	\$7,699	\$7,930	\$8,168
Accounting Fees	\$285	10,260	\$10,568	\$10,885	\$11,211	\$11,548	\$11,894	\$12,251	\$12,619	\$12,997	\$13,387	\$13,789	\$14,202	\$14,628	\$15,067	\$15,519
Management Fees	\$527	18,972	\$19,541	\$20,127	\$20,731	\$21,353	\$21,994	\$22,654	\$23,333	\$24,033	\$24,754	\$25,497	\$26,262	\$27,050	\$27,861	\$28,697
Total Expenses	\$6,841	246,284	\$254,147	\$262,266	\$270,652	\$279,312	\$287,953	\$296,866	\$306,060	\$315,545	\$325,329	\$335,423	\$345,837	\$356,580	\$367,664	\$379,100
NET OPERATING INCOME		\$127,497	\$123,373	\$119,028	\$114,456	\$109,647	\$108,785	\$107,807	\$106,706	\$105,476	\$104,112	\$102,607	\$100,954	\$99,147	\$97,177	\$95,038
Debt coverage ratio		\$89,615 1.42	\$89,615 1.38	\$89,615 1.33	\$89,615 1.28	\$89,615 1.22	\$89,615 1.21	\$89,615 1.20	\$89,615 1.19	\$89,615 1.18	\$89,615 1.16	\$89,615 1.14	\$89,615 1.13	\$89,615 1.11	\$89,615 1.08	\$89,615 1.06
Net Cash Flow **		\$37,882	\$33,758	\$29,413	\$24,841	\$20,032	\$19,170	\$18,192	\$17,091	\$15,861	\$14,497	\$12,992	\$11,339	\$9,532	\$7,562	\$5,423
Possible Deferred Dev Fee	216146	\$37,882	\$33,758	\$29,413	\$24,841	\$20,032	\$19,170	\$18,192	\$13,140	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Cash flow after deferred dev fee		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$3,951	\$15,861	\$14,497	\$12,992	\$11,339	\$9,532	\$7,562	\$5,423
Asset Mgt Fee		\$3,600	\$3,708	\$3,819	\$3,934	\$4,052	\$4,173	\$4,299	\$4,428	\$4,560	\$4,697	\$4,838	\$4,983	\$5,133	\$5,287	\$5,445
Operating Deficit Reserve																
beginning balance		\$20,000	\$20,800	\$21,632	\$22,497	\$23,397	\$24,333	\$25,306	\$26,319	\$27,371	\$28,466	\$29,605	\$30,789	\$32,021	\$33,301	\$34,634
interest		\$800	\$832	\$865	\$900	\$936	\$973	\$1,012	\$1,053	\$1,095	\$1,139	\$1,184	\$1,232	\$1,281	\$1,332	\$1,385
withdrawal		\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
ending balance		\$20,800	\$21,632	\$22,497	\$23,397	\$24,333	\$25,306	\$26,319	\$27,371	\$28,466	\$29,605	\$30,789	\$32,021	\$33,301	\$34,634	\$36,019

**Notes**

Assumes 6% vacancy rate  
Assumes rent increases of 1%/year years 1-5, 2% per year thereafter  
Assumes expense increases of 3%/year with electric rising at 4%/year in years 1-5 of the proforma; water 5%/year throughout the proforma  
All 1 br units, 14 units at 60% AMI, 22 units at 50% AMI.  
18 units SH to have PBVs through VASH or MSHDA. PBV rents at \$1021  
18 units without rent subsidy. 1 brs rent at \$815  
The permanent loan is projected at 6%, 18.5 year, 18.5 year amortization.



**Section 3: e. financial information**

- i. Most Recent Independent Audit and SAS 114 Letter**

**AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS**

**DECEMBER 31, 2017**

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

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## Independent Auditors' Report

Board of Directors  
Avalon Nonprofit Housing Corporation and Subsidiaries

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries (Avalon Housing or the "Organization"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016 and the related consolidated statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with U.S. generally accepted accounting principles; 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 U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the 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 auditor's 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 auditor considers 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.

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Avalon Nonprofit Housing Corporation and Subsidiaries, as of December 31, 2017 and 2016, and the changes in net assets and their cash flows for the years then ended in accordance with U.S. generally accepted accounting principles.

## Other Matters

### *Other Information*

Our audit was 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* 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 U.S. generally accepted auditing standards. 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 September 26, 2018 on our consideration of Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' 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 Avalon Nonprofit Housing Corporation and Subsidiaries' internal control over financial reporting and compliance.

*Polk and Associates, P.L.C.*

POLK AND ASSOCIATES, P.L.C.  
Bingham Farms, Michigan  
38-3388760  
Lead Auditor:  
Richard G. Williams, Jr., C.P.A.  
(248) 642-5700

September 26, 2018

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET

ASSETS	DECEMBER 31	
	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	\$ 750,068	\$ 566,558
Receivables		
Resident rents	63,310	36,492
Subsidy rents	4,572	6,657
Grants	327,408	348,607
Service contracts	75,624	60,920
Other	43,149	31,377
Tenant security deposit accounts	151,427	129,869
Insurance, tax, and rent-up escrows	13,200	17,335
Prepaid expenses	188,325	145,164
TOTAL CURRENT ASSETS	1,617,083	1,342,979
DEPOSITS	10,877	6,627
INVESTMENTS – OTHER (Notes 2 and 6)	45,000	45,000
RESTRICTED RESERVES (Note 1)	3,838,811	3,647,156
PROPERTY AND EQUIPMENT – NET (Note 3)	29,930,399	29,626,255
PROPERTIES IN DEVELOPMENT (Note 1)	613,057	206,337
INTANGIBLE ASSETS	106,272	147,956
	<u>\$ 36,161,499</u>	<u>\$ 35,022,310</u>

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

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (CONTINUED)

LIABILITIES AND NET ASSETS	DECEMBER 31	
	2017	2016
<b>CURRENT LIABILITIES</b>		
Trade accounts payable	\$ 242,786	\$ 156,575
Construction payable (Note 1)	620,577	1,878,332
Tenant security deposits	129,526	121,604
Current portion of notes payable (Note 4)	6,773	30,201
Note payable – bank (Note 5)	235,000	
Unearned income	162,188	137,484
Accrued liabilities and other		
Accrued interest	58,707	37,517
Other liabilities	79,435	63,698
	<u>1,534,992</u>	<u>2,425,411</u>
<b>TOTAL CURRENT LIABILITIES</b>	1,534,992	2,425,411
LONG-TERM NOTES PAYABLE (Note 4)	22,980,838	21,968,125
DEFERRED INTEREST PAYABLE (Note 4)	1,048,184	899,763
	<u>25,564,014</u>	<u>25,293,299</u>
<b>TOTAL LIABILITIES</b>	25,564,014	25,293,299
<b>NET ASSETS</b>		
Unrestricted		
Controlling interest	1,331,805	1,869,102
Noncontrolling interest	9,216,840	7,811,073
Temporarily restricted	3,840	3,836
Permanently restricted	45,000	45,000
	<u>10,597,485</u>	<u>9,729,011</u>
<b>TOTAL NET ASSETS</b>	10,597,485	9,729,011
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>\$ 36,161,499</u>	<u>\$ 35,022,310</u>

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



AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS

	YEARS ENDED DECEMBER 31	
	2017	2016
<b>REVENUE AND SUPPORT</b>		
Contributions	\$ 511,838	\$ 453,158
In-kind donations	19,672	124,275
Federal grants	1,814,298	1,517,620
Other grants	997,248	821,429
Contracted services income	537,286	474,233
Developer fees	63,300	575,785
Interest income	165,978	236,160
Rental income	2,475,086	2,197,606
Miscellaneous income	31,270	38,396
	<b>6,615,976</b>	<b>6,438,662</b>
<b>TOTAL REVENUE AND SUPPORT</b>		
<b>EXPENSES</b>		
Salaries and wages	3,190,896	2,742,837
Employee benefits	672,585	564,237
Payroll taxes	275,419	250,447
Meals and entertainment	83,183	64,293
Transportation	71,334	65,477
Contract and professional fees	181,871	105,720
Repairs and maintenance	513,009	457,156
Insurance	123,614	109,147
Occupancy	128,320	110,231
Utilities	399,783	375,714
Depreciation and amortization	1,048,430	950,406
Bad debt	7,098	7,357
Outside printing	10,926	10,547
Conferences and meetings	16,864	9,689
Interest expense	275,049	215,394
Partnership management fee	7,514	7,295
Investor service fee	3,802	3,689
Administrative	124,603	88,502
Information technology	91,545	85,527
Property taxes	277	260
Telephone	76,584	69,132
Direct grant expense	62,618	38,689
Client assistance	33,733	19,165
	<b>7,399,057</b>	<b>6,350,911</b>
<b>TOTAL EXPENSES</b>		

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

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS (CONTINUED)

	YEARS ENDED DECEMBER 31	
	<u>2017</u>	<u>2016</u>
INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FROM OPERATING ACTIVITIES	( 783,081)	87,751
EQUITY CONTRIBUTIONS RECEIVED	<u>1,660,861</u>	<u>705,655</u>
INCREASE IN UNRESTRICTED NET ASSETS	877,780	793,406
DISTRIBUTIONS	( 9,306)	( 128)
NET ASSETS – BEGINNING OF YEAR	<u>9,729,011</u>	<u>8,935,733</u>
NET ASSETS – END OF YEAR	<u>\$ 10,597,485</u>	<u>\$ 9,729,011</u>

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

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS

	YEARS ENDED DECEMBER 31 2017	2016
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Change in unrestricted net assets from operating activities	\$ ( 783,081)	\$ 87,751
Adjustments to reconcile change in unrestricted net assets from operating activities to net cash provided by operating activities		
Depreciation	1,037,780	939,756
Amortization		
Tax credit fees	10,650	10,650
Debt issuance costs	4,810	3,638
Bad debt	7,098	7,357
Amortization of forgivable debt	( 277,653)	( 270,772)
Forgiveness of County loans	( 65,000)	
Changes in operating assets and liabilities		
Receivables	( 37,108)	( 88,614)
Prepaid expenses	( 43,161)	( 2,898)
Deposits	( 4,250)	
Trade accounts payable	86,211	46,236
Tenant security deposits	( 13,636)	1,254
Unearned income	24,704	105,618
Accruals and other liabilities	185,348	193,888
	132,712	1,033,864
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of property and equipment	( 1,341,924)	( 3,749,653)
Increase in properties in development	( 406,720)	( 69,796)
Net deposits to escrows and restricted reserves	( 187,520)	( 271,193)
	( 1,936,164)	( 4,090,642)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Increase (decrease) in construction payable	( 1,257,755)	1,144,392
Proceeds from note payable - bank	235,000	
Proceeds from debt	1,402,120	1,294,109
Payments on debt	( 31,307)	( 98,486)
Payment of debt issuance costs	( 43,685)	
Equity contributions	1,660,861	705,655
Distributions	( 9,306)	( 128)
Decrease in intangible assets	31,034	109,240
	1,986,962	3,154,782
Net cash provided by financing activities	1,986,962	3,154,782

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

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

	YEARS ENDED DECEMBER 31	
	<u>2017</u>	<u>2016</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	183,510	98,004
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>566,558</u>	<u>468,554</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 750,068</u>	<u>\$ 566,558</u>
 SUPPLEMENTAL INFORMATION		
Accrued interest capitalized	\$ 1,039	
Cash paid for Interest	101,667	\$ 20,539
Noncash transaction – forgiveness of debt	342,653	270,772

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

## AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

##### Nature of Organization

Avalon Nonprofit Housing Corporation and Subsidiaries d/b/a Avalon Housing, Inc. (Avalon Housing or the "Organization") is a not-for-profit corporation with its subsidiaries which is organized to develop and provide affordable housing and services to very low-income individuals in Washtenaw County, Michigan. Sources of income consist principally of grants, contributions, developer fees, service contracts and rental payments from very low-income individuals.

Avalon Housing owns several partnership interests and directs the operations of another not-for-profit corporation, Avalon Second Nonprofit Housing Corporation (Avalon Second). The Partnerships and Avalon Second were formed to purchase, develop, own, and operate affordable rental housing properties in Washtenaw County, Michigan.

The consolidated financial statements include the accounts of Avalon Housing, Avalon Second, and six partnerships (collectively, the "Organization"). The six partnerships are William Street Apartments Limited Partnership, Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership, Carrot Way Apartments Limited Dividend Housing Association Limited Partnership, Pear Street Apartments Limited Dividend Housing Association Limited Partnership, Pauline Apartments Limited Dividend Housing Association Limited Partnership, and Sharon Ann Apartments Limited Dividend Housing Association Limited Partnership (collectively, the "Partnerships"). All material intercompany accounts and transactions have been eliminated in consolidation.

##### Basis of Accounting

The Organization maintains its accounting records and prepares its consolidated financial statements on an accrual basis, which is in accordance with U.S. generally accepted accounting principles.

##### Low-income Housing Credits

The Partnerships have qualified for and have been allocated low-income housing tax credits pursuant to Internal Revenue Code Section 42 (Section 42), which regulates the use of the projects' units as to occupant eligibility and unit gross rent, among other requirements. The projects' units must meet the provisions of these regulations during each of 15 consecutive years in order for the Partnerships to remain qualified to receive the credits. William Street's 15 years expired in a previous year.

## AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Cash Equivalents

The Organization considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents.

##### Receivables

Receivables are stated at net invoice or net rent amounts. An allowance for doubtful accounts is established based on a specific assessment of all invoices and rent amounts that remain unpaid following normal payment periods. Management considers all receivables collectible; therefore, an allowance for doubtful accounts has not been recorded. All amounts deemed uncollectible are charged against the allowance for doubtful accounts in the period that determination is made.

##### Tenant and Escrow Deposits

The Organization holds tenant security deposits and escrow deposits for real estate taxes and insurance which are maintained under the control of the mortgagee for the benefit of the project. These escrows are restricted as to their use based upon the applicable regulatory documents.

##### Restricted Reserves

Reserves consist of funds restricted as replacement reserves as of December 31, 2017 of and 2016 of \$709,306 and \$614,860, respectively, for repair and maintenance of the various properties; operating reserves as of December 31, 2017 and 2016 of \$816,495 and \$772,862, respectively, operating deficit reserves as of December 31, 2017 and 2016 of \$1,467,442 and \$1,414,665, respectively, for future operations of various properties; supportive services reserves as of December 31, 2017 and 2016 of \$813,973 and \$813,196, respectively, for future supportive services of Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership, and gross potential rent reserves as of December 31, 2017 and 2016 of \$31,595 and \$31,573, respectively, for future gross potential rent of Arbordale Apartments 2014 Limited Dividend Housing Association Limited Partnership. These restricted reserves are required by the various partnership agreements and Regulatory Agreements with the Michigan State Housing Development Authority (MSHDA), which specify the establishment and maintenance of such reserves. Disbursements from the reserves may be made only after receiving the approval of MSHDA and/or limited partners.

# AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### Concentration of Credit Risk Arising from Deposit Accounts

Avalon Housing maintains cash balances at various banks. Accounts at each institution are insured by the Federal Deposit Insurance Corporation up to \$250,000.

#### Property and Equipment

Property and equipment are recorded at cost when purchased or at fair value at the date of donation and are being depreciated on a straight-line basis over their estimated useful lives. Costs of maintenance and repairs are charged to expense when incurred.

#### Impairment of Long-Lived Assets

The Organization recognizes impairment of long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows estimated to be generated by those assets are less than the assets' carrying amount. No impairment of the Organization's rental property has occurred during the years ended December 31, 2017 and 2016.

#### Properties in Development

Properties in development consists of construction in progress of \$613,057 and \$206,337 as of December 31, 2017 and 2016, respectively.

#### Intangible Assets

Intangible assets consist of low-income housing tax credit and housing compliance fees of \$167,026 and \$159,623 at December 31, 2017 and 2016, respectively, reported net of accumulated amortization of \$60,754 and \$50,104 at December 31, 2017 and 2016, respectively, amortized over the tax credit compliance period. Amortization expense for the years ended December 31, 2017 and 2016 was \$10,650.

Intangible assets also includes debt issuance costs of \$38,437 at December 31, 2016, which will be amortized over the term of the permanent mortgage.

#### Debt Issuance Costs

Debt issuance costs, net of accumulated amortization, are reported as a direct reduction of the obligation to which such costs relate. Amortization of debt issuance costs is reported as a component of interest expense and is computed on a straight-line basis over the terms of the respective notes payable.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Construction Payable

Construction payable for construction activities is summarized as follows at December 31:

	<u>2017</u>	<u>2016</u>
1110/1132 S. Maple - noninterest bearing and due to Local Initiatives Support Corporation December 31, 2018.	\$ 50,000	\$ 41,413
1110/1132 S. Maple - noninterest bearing and due to MSHDA at time of permanent financing.	44,085	15,551
533 N. Main - noninterest bearing and due to Faith In Action, Inc. at time of permanent financing		24,000
815/821 Gott - due to Chelsea State Bank, bearing interest at the greater of the prime rate or 4.5% until November 30, 2018 when the outstanding principal and unpaid interest is due.	37,229	35,527
Arbordale Apartments 2014 LDHA, LP - due to Chelsea State Bank, bearing interest at the greater of the prime rate or 4.5%. Accrued interest is due each month until October 15, 2017 when the outstanding principal and unpaid interest is due. Accrued interest as of December 31, 2016 was \$6,889.		1,761,841
Sharon Ann Apartments LDHA LP – due to Chelsea State Bank, bearing interest at 4.5% until November 17, 2019 when the outstanding principal and unpaid interest is due.	<u>489,263</u>	
	<u>\$ 620,577</u>	<u>\$ 1,878,332</u>

Classification of Net Assets

Net assets of the Organization are classified as unrestricted, temporarily restricted, or permanently restricted depending on the presence and characteristics of donor-imposed restrictions limiting the Organization's ability to use or dispose of contributed assets or the economic benefits embodied in those assets.

Donor-imposed restrictions that expire with the passage of time or can be removed by meeting certain requirements result in temporarily restricted net assets. Permanently restricted net assets result from donor-imposed restrictions that limit the use of net assets in perpetuity. Earnings, gains, and losses on restricted net assets are classified as unrestricted unless specifically restricted by the donor or by applicable state law.



## AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Permanently restricted net assets at December 31, 2017 and 2016 consist of \$45,000 received in 2014 as a contribution for an endowment fund held at Community Foundation of Southeast Michigan (Note 2).

##### Contributions

Contributions of cash and other assets are reported as revenue when received. Contributions without donor-imposed restrictions and contributions with donor-imposed time or purpose restrictions that are met in the same period as the gift are both reported as unrestricted support. Other restricted gifts are reported as restricted support and temporarily or permanently restricted net assets.

##### Grant Revenue

Grant revenue received for grants determined to be exchange transactions is recognized as services are provided. Grant money received in excess of that earned is recorded as refundable advances.

##### Developer Fees

Developer fees are recognized when earned for development services provided for various properties.

##### Rental Revenue

Revenue for rental of apartments is recorded at gross potential less vacancy loss, when earned.

##### Income Taxes

Avalon Housing and Avalon Second are exempt from income tax under provisions of Internal Revenue Code Section 501(c)(3). No provision has been made in the consolidated financial statements for income taxes for the Partnerships because, as a partnership, all income and expenses are allocated to the partners for inclusion on their respective income tax returns.

## AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 1. NATURE OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

##### Functional Allocation of Expenses

The costs of providing the program and support services have been reported in their natural classification in the consolidated statement of activities and changes in net assets. For functional allocation of expenses, indirect costs have been allocated between the various programs and support services based on estimates, as determined by management. Although the methods of allocation used are considered reasonable, other methods could be used that would produce a different amount. Avalon Housing had \$5,239,789 and \$4,413,854 in programs, \$288,777 and \$207,828 in management and general, and \$257,813 and \$199,616 in fundraising for the years ended December 31, 2017 and 2016, respectively. Avalon Second had \$517,149 and \$501,102 in programs and \$17,020 and \$16,620 in management and general for the year ended December 31, 2017 and 2016, respectively. The remaining expenses of the other entities that make up the Organization total \$1,941,118 and \$1,702,577 for 2017 and 2016, respectively, all of which is considered program expenses.

##### Use of Estimates

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

##### Reclassifications

Certain items in the 2016 consolidated financial statements have been reclassified for comparability with the 2017 consolidated financial statements.

##### Subsequent Events

The consolidated financial statements and related disclosures include evaluation of events and transactions through September 26, 2018, the date which the consolidated financial statements were available to be issued.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. COMMUNITY FOUNDATION

Certain funds donated by outside donors for the benefit of Avalon Housing are held and managed by the Community Foundation for Southeast Michigan (the "Foundation"). The Foundation maintains variance power, which, as a result, requires that the assets it holds not be recorded as assets of the Organization. The funds were donated during 2012 and are not reflected in the financial statements. Additional funds of \$45,000 were donated directly to Avalon Housing and were subsequently contributed to the Foundation. This amount is permanently restricted.

The fair market value of these funds was approximately \$118,862 and \$103,490 at December 31, 2017 and 2016, respectively. Earnings are available for distribution to the Organization at the discretion of the Foundation, and therefore, are not reflected as revenue in the financial statements until received by the Organization. No distributions were received in 2017 and 2016.

3. PROPERTY AND EQUIPMENT

The cost of property and equipment is summarized as follows at December 31:

	<u>2017</u>	<u>2016</u>	<u>Depreciable Life - Years</u>
Land	\$ 3,690,812	\$ 3,144,112	
Buildings and improvements	33,899,448	33,104,224	7-40
Vehicles and equipment	410,601	410,601	5-7
Furniture and fixtures	358,431	358,431	3-5
Total cost	<u>38,359,292</u>	<u>37,017,368</u>	
Accumulated depreciation	<u>8,428,893</u>	<u>7,391,113</u>	
	<u>\$ 29,930,399</u>	<u>\$ 29,626,255</u>	

Depreciation expense was \$1,037,780 for 2017 and \$939,756 for 2016.

If any of the properties restricted as to use by low-income and moderate-income tenants are sold, any excess of the sale price over the purchase price and payoff of related collateralized debt must be used to provide affordable housing. The Organization is responsible for preparing a plan, which must be approved by the grantor, for reinvesting the proceeds of the sale in affordable housing.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE

Notes payable consist of the following at December 31:

	2017	2016
Notes payable – City of Ann Arbor (HOME, Housing Trust, and General Funds)	\$ 2,054,687	\$ 1,926,935
Notes payable – City of Ann Arbor (CDBG funds)	305,000	305,000
Notes payable – Ann Arbor Downtown Development Authority (DDA)	6,806	13,612
Notes payable – Washtenaw County	2,539,603	2,445,001
Notes payable – Federal Home Loan Bank	2,068,968	2,068,968
Notes payable – Other, Avalon Second and Partnerships	16,154,124	15,341,512
 Total notes payable	 23,129,188	 22,101,028
 Less: Unamortized debt issuance costs	 ( 141,577)	 ( 102,702)
	22,987,611	21,998,326
 Less current portion	 ( 6,773)	 ( 30,201)
 Noncurrent portion	 \$ 22,980,838	 \$ 21,968,125

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (HOME, Housing Trust, and General Funds):

	<u>2017</u>	<u>2016</u>
HOME note collateralized by 1305-1313 Pontiac Trail, bearing no interest, payable in full when the property is sold	\$ 215,150	\$ 215,150
HOME note collateralized by 517 W. Summit, bearing no interest, payable in full when the property is sold	150,000	150,000
HOME note collateralized by 610 W. Summit, bearing no interest, payable in full when the property is sold	93,751	93,751
HOME note collateralized by 1217 W. Huron, bearing no interest, payable in full when the property is sold	117,194	117,194
General fund note collateralized by 411 N. Ashley, bearing no interest, payable in full when the property is sold	33,600	33,600
HOME note collateralized by 211 Davis, bearing no interest, payable in full when the property is sold	550,976	550,976
HOME note collateralized by 518 S. Division, bearing no interest, payable in full when the property is sold	108,548	108,548
HOME note collateralized by 520 S. Division, bearing no interest, payable in full when the property is sold	93,638	93,638
HOME note collateralized by 522 S. Division, bearing no interest, payable in full when the property is sold	112,364	112,364
Housing Trust Fund note collateralized by 532 N. Main, bearing no interest, payable in full when the property is sold	54,607	54,607

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (HOME, Housing Trust, and General Funds) (Continued):

	2017	2016
HOME note collateralized by 610 W. Summit, bearing no interest, payable in full when the property is sold	20,366	20,366
HOME note collateralized by 1217 W. Huron, bearing no interest, payable in full when the property is sold	24,699	24,699
HOME note collateralized by Stimson Apartments, bearing no interest, payable in full in 2024 or when the property is sold	269,691	269,691
HOME note collateralized by Stimpson Apartments, bearing no interest, payable in full in 2025 or when the property is sold	75,180	75,180
HOME note collateralized by 1911 - 1913 Dexter, bearing no interest, payable in full in 2105 or when the property is sold	129,000	
Housing Trust Fund note collateralized by 517 W. Summit, bearing no interest, amortized over an 18-year, nine-month period beginning in January 2004, payable in full when the property is sold	5,923	7,171
	\$ 2,054,687	\$ 1,926,935

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - City of Ann Arbor (CDBG funds):

	<u>2017</u>	<u>2016</u>
Note collateralized by 518 S. Division, bearing no interest, payable in full when the property is sold	\$ 60,000	\$ 60,000
Note collateralized by Stimpson Apartments, bearing no interest, payable in full in 2024 or when the property is sold	<u>245,000</u>	<u>245,000</u>
Total	<u>\$ 305,000</u>	<u>\$ 305,000</u>

Notes payable - Ann Arbor DDA:

	<u>2017</u>	<u>2016</u>
Note collateralized by 411 Ashley, bearing no interest, principal is forgiven by one-twentieth annually. Outstanding principal due in full when the property is sold	<u>\$ 6,806</u>	<u>\$ 13,612</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable – Washtenaw County:

	<u>2017</u>	<u>2016</u>
Note collateralized by 211 Davis, bearing no interest, payable in full in February 2023	\$ 45,000	\$ 45,000
Note collateralized by 211 Davis, bearing no interest, principal is forgiven by one-tenth for each full year over a 10-year period; however, if the property is sold within the 10-year period, Washtenaw County is entitled to reimbursement of the outstanding principal at the time of sale	2,500	5,000
Note collateralized by 518 S. Division, bearing no interest, payable in full when the property is sold, forgiven in 2023	25,000	25,000
Note collateralized by 520 S. Division, bearing no interest, payable in full when the property is sold, forgiven in 2023	25,000	25,000
Note collateralized by 522 S. Division, bearing no interest, payable in full when the property is sold, forgiven in 2023	25,000	25,000
Note collateralized by Stimson Apartments, bearing no interest, payable in full when the property is sold	50,000	50,000
Note collateralized by 610 W. Summit, bearing no interest, payable in full when the property is sold	40,000	40,000
HOME note collateralized by 610 Summit, bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2033), at which time the debt will be forgiven if the related property is still owned by the Organization	32,000	32,000
Note collateralized by 127 Allen, bearing no interest, payable in full when the property is sold. Note was forgiven in 2017.		40,000
Note collateralized by 1217 W. Huron, bearing no interest, payable in full when the property is sold	40,000	40,000



AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	<u>2017</u>	<u>2016</u>
Note collateralized by 115/119 Glendale, bearing no interest, payable in full if the related property no longer serves low-income households. Note was forgiven in 2017.		25,000
HOME note collateralized by 411 N. Ashley, bearing no interest, payable in full if the related property is sold before December 2031, at which time the debt will be forgiven if the related property is still owned by the Organization	121,200	121,200
HOME note collateralized by Stimson Apartments, bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2030), at which time the debt will be forgiven if the related property is still owned by the Organization	769,500	769,500
CDBG note collateralized by 125/127 Allen and 1217 W. Huron, bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2030), at which time the debt will be forgiven if the related property is still owned by the Organization	25,185	25,185
Note collateralized by 517 W. Summit, bearing no interest, principal is forgiven by one-twenty fifth for each full year over a twenty five - year period; however, if the property is sold within the twenty five - year period, Washtenaw County is entitled to reimbursement of the outstanding principal at the time of sale	11,000	12,000
Note collateralized by 1305 – 1313 Pontiac Trail, bearing no interest, payable in full if the related property no longer serves low-income households	40,000	40,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Washtenaw County (Continued):

	<u>2017</u>	<u>2016</u>
HOME note collateralized by 610 Summit, bearing no interest, payable in full if the related property is sold before the 20-year period of affordability (2033), at which time the debt will be forgiven if the related property is still owned by the Organization	195,025	195,025
HOME note collateralized by 1217 W. Huron, bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing	335,050	335,050
HOME note collateralized by 532 N. Main, bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing	74,200	74,200
HOME note collateralized by 115/119 Glendale, bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing	162,913	91,274
HOME note collateralized by 815/821 Gott, bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing	371,780	297,317
HOME note collateralized by 125/127 Allen, bearing no interest, payable 30 years after completion or if the related property is sold or no longer affordable housing	132,250	132,250
HOME note collateralized by 1911 – 1913 Dexter, bearing no interest, payable in full if the related property no longer serves low-income households	<u>17,000</u>	<u>          </u>
Total	<u><u>\$ 2,539,603</u></u>	<u><u>\$ 2,445,001</u></u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Federal Home Loan Bank:

Federal Home Loan Bank (FHLB) loans consist of various amortizing or nonamortizing notes forgiven and recognized as grant revenue at the end of the affordability compliance period. The notes are payable in full if the related property is sold any time before the compliance period ends.

	<u>2017</u>	<u>2016</u>
Note collateralized by 518 Division, bearing no interest, compliance period ends in September 2026	\$ 160,000	\$ 160,000
Note collateralized by 1731 Dhu Varren, bearing no interest, mortgage assigned to Carrot Way Apartments LDHA, LP, compliance period ends in December 2019	153,000	153,000
Note collateralized by 1440 Pear Street, bearing no interest, mortgage assigned to Pear Street Apartments LDHA, LP, compliance period ends in June 2023	200,000	200,000
Note collateralized by 1500 Pauline, bearing no interest, mortgage assigned to Pauline Apartments LDHA, LP, compliance period ends in December 2029	750,000	750,000
Note collateralized by 532 N. Main, bearing no interest, compliance period ends in March 2029	132,700	132,700
Note collateralized by 125/127 Allen and 115/119 Glendale, bearing no interest, compliance period ends in December 2030	163,268	163,268
Note collateralized by 815/821 Gott, bearing no interest, compliance period ends in December 2032	200,000	200,000
Note collateralized by 1010, 1020 and 1030 Arbordale, bearing no interest, mortgage assigned to Arbordale Apartments 2014 LDHA, LP, compliance period ends in September 2031	<u>310,000</u>	<u>310,000</u>
Total	<u>\$ 2,068,968</u>	<u>\$ 2,068,968</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Other:

	2017	2016
Note payable to Michigan State Housing Development Authority (MSHDA), collateralized by 517 W. Summit, bearing no interest, payable 20 years after project completion or in full when the related property is sold	\$ 60,000	\$ 60,000
Note payable to MSDHA, HOME funds, collateralized by 115/119 Glendale, bearing no interest, amortized over a 10-year period beginning in 2013 at 10% per year	62,000	74,400
Note payable to MSDHA, HOME funds, collateralized by 1217 W. Huron, bearing no interest, amortized over a 10-year period beginning in 2013 at 10% per year	51,567	62,617
Note payable to MSHDA, collateralized by 1305 – 1313 Pontiac Trail, bearing no interest, payable in full if the related property is sold before April 2027, at which time debt will be forgiven if the related property is still owned by the Organization	187,467	187,467
Note payable to the Department of Housing and Urban Development, collateralized by 411 N. Ashley, bearing no interest, amortized over a 10-year period beginning in 2009 at 10% per year	7,450	14,901
Note payable to an individual, collateralized by the property, bearing 5% interest, payable in full in April 2017, mortgage assigned from Avalon Second Nonprofit Housing Corporation		25,000
Note payable to Ally Bank, collateralized by a vehicle, bearing no interest, payable in monthly installments of \$612 through March 2017		1,836

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Avalon Second:

	<u>2017</u>	<u>2016</u>
HOME funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, payable in full when the related property is sold	1,862,000	1,862,000
HOME funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041	60,166	60,166
DDA funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, principal is forgiven by one-twentieth annually. Outstanding principal due in full when the related property is sold	106,973	117,671
Washtenaw County, collateralized by real estate property, bearing no interest, principal is forgiven by one-tenth annually. Outstanding principal due in full when the related property is sold		5,000
Washtenaw County, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2041	103,598	103,598
FHLB, collateralized by real estate property, bearing no interest, principal is forgiven when the compliance period ends in 2026	270,000	270,000
MSHDA, collateralized by real estate property, bearing no interest, payable in full if the related property is sold before July 2027, at which time the principal is due	300,000	300,000
MSHDA, collateralized by real estate property, bearing no interest, payable in full if the related property is sold before November 2017, principal is amortized over a 40-year period at 25% per decade, fully forgiven in 2047	645,000	860,000

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Avalon Second (Continued):

	<u>2017</u>	<u>2016</u>
NSP funds from MSHDA, collateralized by real estate property, bearing 3 percent interest, payable from 25% of surplus cash available for distribution, payable in full if the related property is sold before November 2061, at which time the principal is due. Deferred interest at December 31, 2017 and 2016 was \$225,511 and \$181,827, respectively.	1,456,120	1,456,120
NSP funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal forgiven in 2041	374,378	374,378
NSP funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2047	35,885	35,885
HOME funds from the Washtenaw County, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2043	598,889	598,889
HOME funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2105	150,000	
HOME funds from the City of Ann Arbor, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, principal is forgiven in 2105	150,000	
Washtenaw County, collateralized by real estate property, bearing no interest, payable in full when the related property is sold or the related property no longer serves low-income households	20,000	
Washtenaw County, collateralized by real estate property, bearing no interest, payable in full when the related property is sold or the related property no longer serves low-income households	30,000	

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Notes payable - Avalon Second (Continued):

	<u>2017</u>	<u>2016</u>
HOME funds from MSHDA, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period beginning April 2033 at 10% per year	38,008	
HOME funds from MSHDA, collateralized by real estate property, bearing no interest, payable in full when the related property is sold, amortized over a ten-year period beginning April 2033 at 10% per year	80,000	

Notes payable – Partnerships

The Partnerships have several outstanding loans and mortgages payable to various financial institutions, the City of Ann Arbor, and MSDHA. The majority of the Partnerships' debt requires no principal or interest payments. Deferred interest and unpaid principal are due at debt maturities ranging from 2018 to 2062. Interest rates vary from 0 to 7.5%. Deferred interest at December 31, 2017 and 2016 was \$822,673 and \$717,936, respectively. The notes are nonrecourse and are collateralized by the respective Partnership properties. Of these amounts, Pauline has a note payable in the amount of \$2,318,324 as of December 31, 2017 and 2016 to MSHDA for a HOME loan with a payment required of 25% of surplus cash.

	<u>9,504,623</u>	<u>8,871,584</u>
	<u><u>\$16,154,124</u></u>	<u><u>\$15,341,512</u></u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

4. NOTES PAYABLE (CONTINUED)

Minimum principal payments on notes payable to maturity as of December 31, 2017 are as follows:

2018	\$	6,773
2019		7,370
2020		8,013
2021		8,704
2022		9,446
Remaining years		<u>22,947,305</u>
	\$	<u><u>22,987,611</u></u>

Interest expense includes amortization of debt issuance costs of \$4,810 and \$3,638 in 2017 and 2016, respectively.

The notes payable is presented net of debt issuance costs of \$177,557 and \$133,872 at December 31, 2017 and 2016, respectively, less accumulated amortization of \$35,980 in 2017 and \$31,170 in 2016.



AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. NOTE PAYABLE – BANK

The note payable – bank which is due on demand represents the amount outstanding against a line of credit totaling \$500,000. Advances bear interest at 5% are collateralized by the assets of the Organization.

6. FAIR VALUE MEASUREMENTS

The fair value measurements and levels within the fair value hierarchy of those measurements for the assets reported at fair value on a recurring basis at December 31, 2017 and 2016 are as follows:

December 31, 2017	<u>Fair Value</u>	<u>Observable Inputs (Level 2)</u>
Beneficial interest in assets held by Foundation	\$ 52,288	\$ 52,288
December 31, 2016	<u>Fair Value</u>	<u>Observable Inputs (Level 2)</u>
Beneficial interest in assets held by Foundation	\$ 46,571	\$ 46,571

The Organization recognizes transfers of assets into and out of levels as of the date an event or change in circumstances causes the transfer. There were no transfers between levels in the years ended December 31, 2017 and 2016.

The beneficial interest in assets held by Foundation is reported on a recurring basis at the fair value of the Organization's beneficial interest. The Organization measures the fair value of its beneficial interest using an income approach to provide the present value of the expected future cash distributions from the trust. This approach takes into account the Organization's determination of an appropriate risk-adjusted discount rate (4.5% at December 31, 2017 and 2016) and expected cash flows. The Organization remeasures the fair value of the beneficial interest and adjusts the measurement inputs based on market conditions and other relevant data.

7. PENSION PLAN

The Organization has made available a 403(b) pension plan to all employees. There is no set employee contribution required and no employer contribution.

## AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

#### 8. CONTINGENCIES

The Partnerships' low-income housing tax credits are contingent on their ability to maintain compliance with applicable requirements of Section 42. Failure to maintain compliance with occupant eligibility and/or unit gross rent, or to correct noncompliance within a specified time period, could result in recapture of previously taken tax credits plus interest. In addition, such potential noncompliance may require an adjustment to the contributed capital by the investor limited partner. No instances of noncompliance have been reported as of December 31, 2017.

#### 9. INFORMATION ABOUT VARIABLE INTEREST ENTITIES

Avalon Housing owns 100% of the general partner of the Partnerships and manages and directs the activities of Avalon Second. These entities were formed to purchase, develop, rehabilitate, and operate affordable housing in the Washtenaw County, Michigan area. The Partnerships and Avalon Second are considered to be variable interest entities (VIEs) of Avalon Housing. Avalon Housing was determined to be the primary beneficiary since Avalon Housing has the power, on its own, to direct the activities that most significantly impact the VIEs' economic performance and has other economic interest in the activities of the VIEs.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INFORMATION ABOUT VARIABLE INTEREST ENTITIES (CONTINUED)

Included in the consolidated balance sheet at December 31, 2017 and 2016 are the following amounts related to the VIEs:

	<u>Partnerships</u>	<u>Avalon Second</u>
As of December 31, 2017:		
Current assets	\$ 762,794	\$ 159,152
Property and equipment	18,602,060	5,630,849
Other assets	<u>3,447,198</u>	<u>597,602</u>
Total assets	<u>\$ 22,812,052</u>	<u>\$ 6,387,603</u>
Current liabilities	\$ 1,199,189	\$ 318,639
Long-term liabilities	836,589	225,511
Long-term notes payable	<u>10,790,925</u>	<u>6,591,827</u>
Total liabilities	12,826,703	7,135,977
Net assets (deficit)	<u>9,985,349</u>	<u>( 748,374)</u>
Total liabilities and net assets	<u>\$ 22,812,052</u>	<u>\$ 6,387,603</u>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

9. INFORMATION ABOUT VARIABLE INTEREST ENTITIES (CONTINUED)

	<u>Partnerships</u>	<u>Avalon Second</u>
As of December 31, 2016:		
Current assets	\$ 596,350	\$ 112,220
Property and equipment	18,486,026	5,315,313
Other assets	3,046,559	538,810
Total assets	<u>\$ 22,128,935</u>	<u>\$ 5,966,343</u>
Current liabilities	\$ 2,488,814	\$ 337,693
Long-term liabilities	730,852	181,827
Long-term notes payable	10,146,505	6,354,298
Total liabilities	13,366,171	6,873,818
Net assets (deficit)	<u>8,762,764</u>	<u>( 907,475)</u>
Total liabilities and net assets	<u>\$ 22,128,935</u>	<u>\$ 5,966,343</u>

SUPPLEMENTAL INFORMATION



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### Independent Auditors' Report on Supplemental Information

To the Board of Directors  
Avalon Nonprofit Housing Corporation  
and Subsidiaries

We have audited the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries as of and for the years ended December 31, 2017 and 2016. Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating information is presented for the purpose 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 U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

*Polk and Associates, P.L.C.*  
Polk and Associates, P.L.C.  
Bingham Farms, Michigan

September 26, 2018

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATING BALANCE SHEET  
DECEMBER 31, 2017 AND 2016 (COMPARATIVE TOTAL)

ASSETS	AVALON NONPROFIT HOUSING CORPORATION	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT	ARBORDALE APARTMENTS 2014 LDHA LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA LP	ELIMINATIONS	2017	2016 (COMPARATIVE TOTAL)
<b>CURRENT ASSETS</b>											
Cash and cash equivalents	\$ 91,656	\$ 17,154	\$ 102,159	\$ 248,919	\$ 35,085	\$ 90,076	\$ 158,982	\$ 6,037	\$ -	\$ 750,068	\$ 566,558
Receivables											
Resident rents	15,670	-	6,967	5,337	9,274	4,078	13,419	8,565	-	63,310	36,492
Subsidy rents	1,945	502	1,893	-	-	-	232	-	-	4,572	6,657
Grants	327,408	-	-	-	-	-	-	-	-	327,408	348,607
Developer Fees	409,054	-	-	-	-	-	-	-	(409,054)	-	-
Service contracts	75,624	-	-	-	-	-	-	-	-	75,624	60,920
Related party	318,550	-	-	19,974	-	-	-	-	(338,524)	-	-
Other	25,614	-	51	-	22,247	-	-	6,228	(10,991)	43,149	31,377
Tenant security deposit accounts	41,144	-	26,802	15,699	18,284	7,316	21,026	21,156	-	151,427	129,869
Insurance, tax and rent-up escrows	-	-	3,052	2,069	2,759	2,300	3,020	-	-	13,200	17,335
Prepaid expenses	128,260	1,125	18,228	9,257	12,199	5,020	14,197	39	-	188,325	145,164
<b>TOTAL CURRENT ASSETS</b>	<b>1,434,925</b>	<b>18,781</b>	<b>159,152</b>	<b>301,255</b>	<b>99,848</b>	<b>108,790</b>	<b>210,876</b>	<b>42,025</b>	<b>(758,569)</b>	<b>1,617,083</b>	<b>1,342,979</b>
<b>DEPOSITS</b>	<b>10,877</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>10,877</b>	<b>6,627</b>
<b>INVESTMENTS - OTHER</b>	<b>202,878</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(157,878)</b>	<b>45,000</b>	<b>45,000</b>
<b>RESTRICTED RESERVES</b>	<b>72,251</b>	<b>147,455</b>	<b>583,073</b>	<b>1,316,161</b>	<b>1,188,906</b>	<b>96,877</b>	<b>434,088</b>	<b>-</b>	<b>-</b>	<b>3,838,811</b>	<b>3,647,156</b>
<b>PROPERTY AND EQUIPMENT - NET</b>	<b>5,483,889</b>	<b>213,601</b>	<b>5,630,849</b>	<b>3,845,805</b>	<b>2,637,878</b>	<b>2,235,053</b>	<b>9,183,092</b>	<b>700,232</b>	<b>-</b>	<b>29,930,399</b>	<b>29,626,255</b>
<b>PROPERTIES IN DEVELOPMENT</b>	<b>293,634</b>	<b>-</b>	<b>14,529</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>304,894</b>	<b>-</b>	<b>613,057</b>	<b>206,337</b>
<b>INTANGIBLE ASSETS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>33,116</b>	<b>7,336</b>	<b>6,767</b>	<b>51,650</b>	<b>7,403</b>	<b>-</b>	<b>106,272</b>	<b>147,956</b>
<b>LOAN RECEIVABLES - RELATED PARTY</b>	<b>1,975,557</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(1,975,557)</b>	<b>-</b>	<b>-</b>
<b>TOTAL ASSETS</b>	<b>\$ 9,474,011</b>	<b>\$ 379,837</b>	<b>\$ 6,387,603</b>	<b>\$ 5,496,337</b>	<b>\$ 3,933,968</b>	<b>\$ 2,447,487</b>	<b>\$ 9,879,706</b>	<b>\$ 1,054,554</b>	<b>\$ (2,892,004)</b>	<b>\$ 36,161,499</b>	<b>\$ 35,022,310</b>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATING BALANCE SHEET (CONTINUED)  
DECEMBER 31, 2017 AND 2016 (COMPARATIVE TOTAL)

LIABILITIES AND NET ASSETS (DEFICIT)	AVALON NONPROFIT HOUSING CORPORATION	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT	ARBORDALE APARTMENTS 2014 LDHA LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA LP	ELIMINATIONS	2017	2016 (COMPARATIVE TOTAL)
<b>CURRENT LIABILITIES</b>											
Trade accounts payable	\$ 133,478	\$ 481	\$ 25,827	\$ 35,676	\$ 32,750	\$ 5,867	\$ 19,010	\$ 9,821	\$ (20,124)	\$ 242,786	\$ 156,575
Related party payable	-	1,776	166,520	49,308	16,276	18,626	15,785	36,193	(304,484)	-	-
Construction payable	131,314	-	-	6,375	-	-	-	489,263	(6,375)	620,577	1,878,332
Tenant security deposits	40,654	1,683	24,316	14,428	15,937	5,950	19,108	7,450	-	129,526	121,604
Current portion of notes payable	-	-	-	3,147	-	3,626	-	-	-	6,773	30,201
Note payable - bank	235,000	-	-	-	-	-	-	-	-	235,000	-
Unearned income	148,091	504	2,001	945	510	83	832	9,222	-	162,188	137,484
Developer fee payable	-	-	95,359	305,428	-	-	-	8,267	(409,054)	-	-
Accrued liabilities and other	-	-	4,616	51,788	-	1,264	-	1,039	-	58,707	37,517
Accrued interest	-	-	-	-	-	-	-	-	-	-	-
Other liabilities	64,220	-	-	7,917	-	3,801	3,497	-	-	79,435	63,698
<b>TOTAL CURRENT LIABILITIES</b>	<b>752,757</b>	<b>4,444</b>	<b>318,639</b>	<b>475,012</b>	<b>65,473</b>	<b>39,217</b>	<b>58,232</b>	<b>561,255</b>	<b>(740,037)</b>	<b>1,534,992</b>	<b>2,425,411</b>
<b>LONG-TERM NOTES PAYABLE</b>	<b>7,340,609</b>	<b>233,034</b>	<b>6,591,827</b>	<b>2,500,753</b>	<b>2,803,000</b>	<b>1,916,620</b>	<b>3,503,552</b>	<b>67,000</b>	<b>(1,975,557)</b>	<b>22,980,838</b>	<b>21,968,125</b>
<b>DEFERRED INTEREST PAYABLE</b>	<b>-</b>	<b>-</b>	<b>225,511</b>	<b>-</b>	<b>251,163</b>	<b>222,161</b>	<b>363,265</b>	<b>-</b>	<b>(13,916)</b>	<b>1,048,184</b>	<b>899,763</b>
<b>TOTAL LIABILITIES</b>	<b>8,093,366</b>	<b>237,478</b>	<b>7,135,977</b>	<b>2,975,765</b>	<b>3,119,636</b>	<b>2,177,998</b>	<b>3,925,049</b>	<b>628,255</b>	<b>(2,729,510)</b>	<b>25,564,014</b>	<b>25,293,299</b>
<b>NET ASSETS (DEFICIT)</b>											
Unrestricted:											
Controlling Interest	1,331,805	142,359	-	-	-	-	-	-	(142,359)	1,331,805	1,869,102
Partners' equity - Noncontrolling interest	-	-	-	2,520,572	814,332	269,489	5,954,657	426,299	(15,519)	9,969,830	8,721,496
Net deficit - Noncontrolling interest	-	-	(748,374)	-	-	-	-	-	(4,616)	(752,990)	(910,423)
Temporarily restricted	3,840	-	-	-	-	-	-	-	-	3,840	3,836
Permanently restricted	45,000	-	-	-	-	-	-	-	-	45,000	45,000
<b>TOTAL NET ASSETS (DEFICIT)</b>	<b>1,380,645</b>	<b>142,359</b>	<b>(748,374)</b>	<b>2,520,572</b>	<b>814,332</b>	<b>269,489</b>	<b>5,954,657</b>	<b>426,299</b>	<b>(162,494)</b>	<b>10,597,485</b>	<b>9,729,011</b>
<b>TOTAL LIABILITIES AND NET ASSETS (DEFICIT)</b>	<b>\$ 9,474,011</b>	<b>\$ 379,837</b>	<b>\$ 6,387,603</b>	<b>\$ 5,496,337</b>	<b>\$ 3,933,968</b>	<b>\$ 2,447,487</b>	<b>\$ 9,879,706</b>	<b>\$ 1,054,554</b>	<b>\$ (2,892,004)</b>	<b>\$ 36,161,499</b>	<b>\$ 35,022,310</b>



AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES  
CONSOLIDATING STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS  
DECEMBER 31, 2017 AND 2016 (COMPARATIVE TOTAL)

	AVALON NONPROFIT HOUSING CORPORATION	WILLIAM STREET APARTMENTS, LP	AVALON SECOND NONPROFIT	ARBORDALE APARTMENTS 2014 LDHA LP	CARROT WAY LDHA, LP	PEAR STREET APARTMENTS LDHA, LP	PAULINE APARTMENTS LDHA, LP	SHARON ANN APARTMENTS LDHA LP	ELIMINATIONS	2017	2016 (COMPARATIVE TOTAL)
<b>REVENUE AND SUPPORT</b>											
Contributions	\$ 511,838	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 511,838	\$ 453,158
In-kind donations	19,672	-	-	-	-	-	-	-	-	19,672	124,275
Federal grants	2,476,228	-	-	-	-	-	-	-	(661,930)	1,814,298	1,517,620
Other grants	776,069	4,500	239,824	-	-	-	-	-	(23,145)	997,248	821,429
Contracted services income	592,262	-	-	-	-	-	-	-	(54,976)	537,286	474,233
Developer fees	63,300	-	-	-	-	-	-	-	-	63,300	575,785
Management fee income	121,558	-	-	-	-	-	-	-	(121,558)	-	-
Net gains (losses) on investments	14,604	-	-	-	-	-	-	-	(14,604)	-	-
Interest income	3,517	6,864	27,459	60,212	55,667	415	14,312	6	(2,474)	165,978	236,160
Dividend income	35,558	-	-	-	-	-	-	-	(35,558)	-	-
Rental income	615,744	48,709	422,040	373,510	305,957	216,358	433,709	59,059	-	2,475,086	2,197,606
Miscellaneous income	18,736	127	3,947	2,015	1,984	1,368	2,838	255	-	31,270	38,396
<b>TOTAL REVENUE AND SUPPORT</b>	<b>5,249,086</b>	<b>60,200</b>	<b>693,270</b>	<b>435,737</b>	<b>363,608</b>	<b>218,141</b>	<b>450,859</b>	<b>59,320</b>	<b>(914,245)</b>	<b>6,615,976</b>	<b>6,438,662</b>
<b>EXPENSES</b>											
Salaries and wages	2,838,668	10,138	78,312	44,408	95,735	33,114	83,734	6,787	-	3,190,896	2,742,837
Employee benefits	581,510	2,324	20,062	12,478	25,930	7,654	21,148	1,479	-	672,585	564,237
Payroll taxes	244,181	898	7,025	3,693	8,427	2,929	7,700	566	-	275,419	250,447
Meals and entertainment	82,080	17	270	-	257	40	482	37	-	83,183	64,293
Transportation	61,366	357	2,841	419	2,660	885	2,534	272	-	71,334	65,477
Contract and professional fees	102,759	3,832	22,044	72,472	12,598	12,580	10,558	4	(54,976)	181,871	105,720
Repairs and maintenance	263,862	7,151	69,033	23,030	65,604	23,746	55,707	4,876	-	513,009	457,156
Insurance	39,582	1,488	24,028	12,464	16,652	6,572	20,104	2,724	-	123,614	109,147
Occupancy	121,105	1,429	5,786	-	-	-	-	-	-	128,320	110,231
Utilities	145,027	6,146	68,158	50,495	26,944	27,069	69,948	5,996	-	399,783	375,714
Depreciation and amortization	269,517	9,293	152,472	134,481	152,288	69,162	253,182	8,035	-	1,048,430	950,406
Bad debt	2,755	-	299	1,742	1,210	743	304	45	-	7,098	7,357
Outside printing	10,349	66	511	-	-	-	-	-	-	10,926	10,547
Conferences and meetings	15,511	14	1,339	-	-	-	-	-	-	16,864	9,689
Interest expense	5,419	1,046	45,377	90,589	20,500	42,112	71,006	-	(1,000)	275,049	215,394
Management fee	-	-	11,684	-	19,812	15,240	16,256	1,757	-	(64,749)	-
Partnership management fee	-	-	-	22,042	-	15,750	26,531	-	-	(56,809)	7,514
Investor service fee	-	-	-	-	-	3,802	-	-	-	3,802	3,689
Administrative	89,200	320	13,614	(2,463)	9,685	4,406	8,937	904	-	124,603	88,502
Information technology	71,822	766	3,891	-	6,938	1,052	5,575	1,501	-	91,545	85,527
Property taxes	110	6	40	39	30	20	32	-	-	277	260
Telephone	60,130	267	7,383	1,291	2,293	1,640	2,932	648	-	76,584	69,132
Direct grant expense	747,693	-	-	-	-	-	-	-	(685,075)	62,618	38,689
Client assistance	33,733	-	-	-	-	-	-	-	-	33,733	19,165
<b>TOTAL EXPENSES</b>	<b>5,786,379</b>	<b>45,558</b>	<b>534,169</b>	<b>486,992</b>	<b>462,991</b>	<b>253,276</b>	<b>656,670</b>	<b>35,631</b>	<b>(862,609)</b>	<b>7,399,057</b>	<b>6,350,911</b>
<b>INCREASE (DECREASE) IN UNRESTRICTED NET ASSETS FROM OPERATING ACTIVITIES</b>	<b>(537,293)</b>	<b>14,642</b>	<b>159,101</b>	<b>(51,255)</b>	<b>(99,383)</b>	<b>(35,135)</b>	<b>(205,811)</b>	<b>23,689</b>	<b>(51,636)</b>	<b>(783,081)</b>	<b>87,751</b>
<b>EQUITY CONTRIBUTIONS RECEIVED</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,222,693</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>438,168</b>	<b>-</b>	<b>1,660,861</b>	<b>705,655</b>
<b>INCREASE (DECREASE) IN NET UNRESTRICTED ASSETS</b>	<b>(537,293)</b>	<b>14,642</b>	<b>159,101</b>	<b>1,171,438</b>	<b>(99,383)</b>	<b>(35,135)</b>	<b>(205,811)</b>	<b>461,857</b>	<b>(51,636)</b>	<b>877,780</b>	<b>793,406</b>
<b>DISTRIBUTIONS</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(32,264)</b>	<b>(2,559)</b>	<b>(35,558)</b>	<b>61,075</b>	<b>(9,306)</b>	<b>(128)</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>1,917,938</b>	<b>127,717</b>	<b>(907,475)</b>	<b>1,349,134</b>	<b>913,715</b>	<b>336,888</b>	<b>6,163,027</b>	<b>-</b>	<b>(171,933)</b>	<b>9,729,011</b>	<b>8,935,733</b>
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 1,380,645</b>	<b>\$ 142,359</b>	<b>\$ (748,374)</b>	<b>\$ 2,520,572</b>	<b>\$ 814,332</b>	<b>\$ 269,489</b>	<b>\$ 5,954,657</b>	<b>\$ 426,299</b>	<b>\$ (162,494)</b>	<b>\$ 10,597,485</b>	<b>\$ 9,729,011</b>

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Granter/Pass-through Granter/Program or Cluster Title	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
U.S. Department of Housing and Urban Development Direct – Continuum of Care Program	14.267		\$ 158,514
Pass-through program from:			
Ann Arbor Housing Commission: Shelter Plus Care	14.238	MI0347C5F091000	6,746
Continuum of Care Program		MI0423L5F091502 MI0423L5F091401 MI0420L5F091502 MI0420L5F091401 MI0451L5F091400 MI0207L5F091508 MI0207L5F091407 MI0451L5F091501 MI0206L5F091508	1,777,654
	14.267		
Washtenaw County:			
HOME Investment Partnerships Program	14.239		192,430
U.S. Department of Health and Human Services Substance Abuse and Mental Health Services	93.243	1H79SM063308-01	352,390
Corporation for Supportive Housing: Social Innovation Fund	94.019	11SIHNY001	<u>134,596</u>
Total expenditures of federal awards			<u><u>\$ 2,622,330</u></u>

See accompanying notes to schedule of expenditures of federal awards.

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2017

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of Avalon Nonprofit Housing Corporation and Subsidiaries under programs of the federal government for the year ended December 31, 2017. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Avalon Nonprofit Housing Corporation and Subsidiaries, it is not intended to and does not present the financial position, changes in net assets, or cash flows, if applicable, of Avalon Nonprofit Housing Corporation and Subsidiaries.

2. SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

3. LOANS OUTSTANDING

Avalon Nonprofit Housing Corporation and Subsidiaries had the following loan balances outstanding at December 31, 2017. Of these loan balances, \$146,102 was expended in the current year and is included in the Schedule.

<u>Cluster/Program Title</u>	<u>CFDA Number</u>	<u>Amount Outstanding</u>
HOME Investment Partnerships Program	14.239	\$ 14,198,781
Supportive Housing Program	14.235	7,450
Community Development Block Grant	14.218	<u>2,800,166</u>
Total		<u>\$ 17,006,397</u>



Strategic Business Consulting

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Independent Auditors' 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

Board of Directors  
Avalon Nonprofit Housing Corporation and Subsidiaries

We have audited, in accordance with U.S. generally accepted auditing standards 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 Avalon Nonprofit Housing Corporation and Subsidiaries, which comprise the consolidated statements of financial position as of December 31, 2017 and the related consolidated statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated September 26, 2018.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered Avalon Nonprofit Housing Corporation and Subsidiaries' 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 Avalon Nonprofit Housing Corporation and Subsidiaries' internal control. Accordingly, we do not express an opinion on the effectiveness of Avalon Nonprofit Housing Corporation and Subsidiaries' 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.

### Compliance and Other Matters

As part of obtaining reasonable assurance about whether Avalon Nonprofit Housing Corporation and Subsidiaries' 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 Avalon Nonprofit Housing Corporation and Subsidiaries' internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Avalon Nonprofit Housing Corporation and Subsidiaries' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Polk and Associates, P.L.C.*  
Polk and Associates, P.L.C.  
Bingham Farms, Michigan

September 26, 2018



Independent Auditors' Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Directors  
Avalon Nonprofit Housing Corporation and Subsidiaries

Report on Compliance for Each Major Federal Program

We have audited Avalon Nonprofit Housing Corporation 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 Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs for the year ended December 31, 2017. Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Avalon Nonprofit Housing Corporation and Subsidiaries' major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; 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). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Avalon Nonprofit Housing Corporation and Subsidiaries' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis of our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Avalon Nonprofit Housing Corporation and Subsidiaries' compliance.

## Opinion on Each Major Federal Program

In our opinion, Avalon Nonprofit Housing 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, 2017.

## Report on Internal Control Over Compliance

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

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

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

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

*Polk and Associates, P.L.C.*

Polk and Associates, P.L.C.  
Bingham Farms, Michigan

September 26, 2018

AVALON NONPROFIT HOUSING CORPORATION AND SUBSIDIARIES

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2017

**Summary of Auditors' Results**

1. The auditors' report expresses an unmodified opinion on whether the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries were prepared in accordance with U.S. generally accepted accounting principles.
2. No material weaknesses were identified during the audit of the consolidated financial statements.
3. No instances of noncompliance material to the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries were disclosed during the audit.
4. No material weaknesses were identified during the audit of the major federal award programs.
5. The auditors' report on compliance for the major federal award programs for Avalon Nonprofit Housing Corporation and Subsidiaries expresses an unmodified opinion on all major federal programs.
6. Audit findings that are required to be reported in accordance with 2 CFR Section 200.516(a) are reported in this Schedule.
7. The programs tested as major programs were:

<u>Name of Federal Program or Cluster</u>	<u>CFDA Number</u>
Continuum of Care Program	14.267

8. The threshold for distinguishing Types A and B programs was \$750,000.
9. Avalon Nonprofit Housing Corporation and Subsidiaries was determined to be a low-risk auditee.

**Findings - Financial Statements Audit**

None

**Findings and Questioned Costs - Major Federal Award Programs Audit**

None





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September 26, 2018

Board of Directors and Management  
Avalon Nonprofit Housing Corporation and Subsidiaries

We have audited the consolidated financial statements of Avalon Nonprofit Housing Corporation and Subsidiaries for the year ended December 31, 2017, and have issued our report thereon dated September 26, 2018. Professional standards require that we provide you with information about our responsibilities under U.S. generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated November 30, 2017. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Avalon Nonprofit Housing Corporation and Subsidiaries are described in Note 1 to the consolidated financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2017. We noted no transactions entered into by the Organization during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the consolidated financial statements in the proper period.

Accounting estimates are an integral part of the consolidated financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the consolidated financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate affecting the consolidated financial statements was your useful lives of property and equipment in determining that it is reasonable in relation to the consolidated financial statements taken as a whole.

The consolidated financial statement disclosures are neutral, consistent, and clear.

*Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

*Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We did not detect any known or likely misstatements as a result of the audit.

### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the consolidated financial statements or the auditors' report. We are pleased to report that no such disagreements arose during the course of our audit.

### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated September 26, 2018.

### *Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Organization's consolidated financial statements or a determination of the type of auditors' opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were not such consultations with other accountants.

### *Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Organization's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### Other Matters

With respect to the supplementary information accompanying the consolidated financial statements, we made certain inquiries of management and evaluated the form content, and methods of preparing the information to determine that the information complies with U.S. generally accepted accounting principles, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the consolidated financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the consolidated financial statements or to the consolidated financial statements themselves.

This information is intended solely for the use of the Board of Directors and Management of Avalon Nonprofit Housing Corporation and Subsidiaries and is not intended to be, and should not be, used by anyone other than these specified parties.

*Polk and Associates, P.L.C.*  
POLK AND ASSOCIATES, P.L.C.

## **iv. 2016 Form 990**

Form **990**

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No. 1545-0047

**2016**

Open to Public Inspection

Department of the Treasury  
Internal Revenue Service

▶ Do not enter social security numbers on this form as it may be made public.  
▶ Information about Form 990 and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

**A For the 2016 calendar year, or tax year beginning and ending**

<b>B</b> Check if applicable: <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization AVALON NONPROFIT HOUSING CORPORATION Doing business as AVALON HOUSING, INC.		<b>D</b> Employer identification number 38-3086920
	Number and street (or P.O. box if mail is not delivered to street address) Room/suite 1327 JONES DRIVE, SUITE 102	<b>E</b> Telephone number (734) 663-5858	
	City or town, state or province, country, and ZIP or foreign postal code ANN ARBOR, MI 48105		<b>G</b> Gross receipts \$ 5,076,868.
	<b>F</b> Name and address of principal officer: CAROLE MCCABE SAME AS C ABOVE		<b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527			
<b>J</b> Website: ▶ WWW.AVALONHOUSING.ORG			
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶			<b>L</b> Year of formation: 1992
			<b>M</b> State of legal domicile: MI

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: THE DEVELOPMENT, MANAGEMENT, AND OWNERSHIP OF AFFORDABLE AND SUPPORTIVE RENTAL HOUSING.	
	<b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets.	
	<b>3</b> Number of voting members of the governing body (Part VI, line 1a)	3 10
	<b>4</b> Number of independent voting members of the governing body (Part VI, line 1b)	4 10
	<b>5</b> Total number of individuals employed in calendar year 2016 (Part V, line 2a)	5 112
	<b>6</b> Total number of volunteers (estimate if necessary)	6 125
	<b>7 a</b> Total unrelated business revenue from Part VIII, column (C), line 12	7a 0.
<b>b</b> Net unrelated business taxable income from Form 990-T, line 34	7b 0.	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h)	2,233,045. 3,360,784.
	<b>9</b> Program service revenue (Part VIII, line 2g)	942,031. 1,702,426.
	<b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d)	4,840. 5,042.
	<b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	-23,377. -36,572.
	<b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	3,156,539. 5,031,680.
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0. 0.
	<b>14</b> Benefits paid to or for members (Part IX, column (A), line 4)	0. 0.
	<b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,077,773. 3,047,819.
	<b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e)	0. 0.
	<b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ 154,427.	
	<b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	1,452,192. 1,728,292.
	<b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	3,529,965. 4,776,111.
<b>19</b> Revenue less expenses. Subtract line 18 from line 12	-373,426. 255,569.	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16)	7,970,954. 9,542,243.
	<b>21</b> Total liabilities (Part X, line 26)	6,444,785. 7,624,305.
	<b>22</b> Net assets or fund balances. Subtract line 21 from line 20	1,526,169. 1,917,938.

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of officer CAROLE MCCABE, EXECUTIVE DIRECTOR		Date		
	Type or print name and title				
<b>Paid Preparer Use Only</b>	Print/Type preparer's name KENNETH R. PERLIN	Preparer's signature	Date	Check if self-employed <input type="checkbox"/>	PTIN P01029125
	Firm's name ▶ KIRSCHNER HUTTON PERLIN, P.C.			Firm's EIN ▶ 38-2308034	
	Firm's address ▶ 26913 NORTHWESTERN HWY., SUITE 510 SOUTHFIELD, MI 48033-8444			Phone no. 248-356-3880	

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

Form **8879-EO**

# IRS e-file Signature Authorization for an Exempt Organization

OMB No. 1545-1678

# 2016

Department of the Treasury  
Internal Revenue Service

For calendar year 2016, or fiscal year beginning \_\_\_\_\_, 2016, and ending \_\_\_\_\_, 20\_\_\_\_

▶ Do not send to the IRS. Keep for your records.

▶ Information about Form 8879-EO and its instructions is at [www.irs.gov/form8879eo](http://www.irs.gov/form8879eo).

Name of exempt organization

Employer identification number

**AVALON NONPROFIT HOUSING CORPORATION**

**38-3086920**

Name and title of officer

**CAROLE MCCABE  
EXECUTIVE DIRECTOR**

### Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here	<input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	<u>5,031,680.</u>
2a Form 990-EZ check here	<input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here	<input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here	<input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here	<input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b	

### Part II Declaration and Signature Authorization of Officer

Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2016 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize KIRSCHNER HUTTON PERLIN, P.C. to enter my PIN 10403  
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2016 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

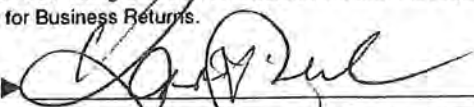
Officer's signature  Date 8/30/17

### Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

**38022623080**  
do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2016 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature  Date 8/28/17

**ERO Must Retain This Form - See Instructions  
Do Not Submit This Form To the IRS Unless Requested To Do So**

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: THE MISSION OF AVALON NONPROFIT HOUSING CORPORATION IS TO DEVELOP, OWN, AND/OR MANAGE PERMANENT LEASED HOUSING THAT IS AFFORDABLE TO LOW-INCOME PEOPLE, INCLUDING THOSE WITH LOW WAGE EMPLOYMENT OR ON FIXED INCOMES. AVALON NONPROFIT HOUSING CORPORATION IS COMMITTED TO

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 4,413,854. including grants of \$ ) (Revenue \$ 1,702,426.) ORGANIZATION DEVELOPS, RENOVATES AND MANAGES LOW-INCOME HOUSING UNITS.

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 4,413,854.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> .....	X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? .....	X	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> .....		X
<b>4 Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> .....		X
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i> .....		X
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> .....		X
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> .....		X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> .....		X
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> .....		X
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> .....		X
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> .....	X	
<b>b</b> Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> .....		X
<b>c</b> Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> .....		X
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> .....		X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> .....	X	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> .....	X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> .....		X
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> .....	X	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> .....		X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? .....		X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i> .....		X
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i> .....		X
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i> .....		X
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> .....		X
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> .....	X	
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> .....		X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> .....		X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? .....		
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> .....		X
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> .....		X
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i> .....		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	X	
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....	X	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> .....		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? .....		
<b>Note.</b> All Form 990 filers are required to complete Schedule O .....	X	



Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

Input box for Schedule O

Main table with columns for question number, description, and Yes/No checkboxes. Includes rows 1a-14b with various tax-related questions and numerical inputs like 58, 0, 112.

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
<b>1b</b>	Enter the number of voting members included in line 1a, above, who are independent		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	X	
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?		X
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
<b>7b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>8a</b>	a The governing body?	X	
<b>8b</b>	b Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>10b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>11b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>12b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>12c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>15a</b>	a The organization's CEO, Executive Director, or top management official	X	
<b>15b</b>	b Other officers or key employees of the organization If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		X
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	X	
<b>16b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	X	

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **MI**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **CAROLE MCCABE - (734) 663-5858**  
**1327 JONES DRIVE, SUITE 102, ANN ARBOR, MI 48105**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BARBARA KESSLER PRESIDENT	4.00 1.00	X		X				0.	0.	0.
(2) JIM GROSH TREASURER	2.00	X		X				0.	0.	0.
(3) GARY BRUDER SECRETARY	3.00 1.00	X		X				0.	0.	0.
(4) ALLEN NEWMAN VICE PRESIDENT	1.00	X		X				0.	0.	0.
(5) RHEA KISH TRUSTEE	1.00 1.00	X						0.	0.	0.
(6) MARGARET WONG TRUSTEE	1.00	X						0.	0.	0.
(7) MELVIN PARSON TRUSTEE	1.00	X						0.	0.	0.
(8) OLGA TERVO TRUSTEE	1.00	X						0.	0.	0.
(9) RUSS MONAHAN TRUSTEE	1.00	X						0.	0.	0.
(10) VERONIQUE LIEM VICE PRESIDENT	1.00	X		X				0.	0.	0.
(11) CAROLE MCCABE EXECUTIVE DIRECTOR OF OPER	40.00			X				94,386.	0.	14,559.



**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
<b>Contributions, Gifts, Grants and Other Similar Amounts</b>	<b>1 a</b> Federated campaigns	<b>1a</b>						
	<b>b</b> Membership dues	<b>1b</b>						
	<b>c</b> Fundraising events	<b>1c</b>	139,429.					
	<b>d</b> Related organizations	<b>1d</b>						
	<b>e</b> Government grants (contributions)	<b>1e</b>	2,817,101.					
	<b>f</b> All other contributions, gifts, grants, and similar amounts not included above	<b>1f</b>	404,254.					
	<b>g</b> Noncash contributions included in lines 1a-1f: \$							
	<b>h Total.</b> Add lines 1a-1f			3,360,784.				
	<b>Program Service Revenue</b>	<b>2 a</b> DEVELOPER FEES	<b>Business Code</b>	531390	575,785.	575,785.		
<b>b</b> RENTAL INCOME			531110	540,682.	540,682.			
<b>c</b> CONSULTING SERVICES IN			561000	490,489.	490,489.			
<b>d</b> MANAGEMENT INCOME			531310	95,470.	95,470.			
<b>e</b>								
<b>f</b> All other program service revenue								
<b>g Total.</b> Add lines 2a-2f				1,702,426.				
<b>Other Revenue</b>	<b>3</b> Investment income (including dividends, interest, and other similar amounts)			5,042.			5,042.	
	<b>4</b> Income from investment of tax-exempt bond proceeds							
	<b>5</b> Royalties							
	<b>6 a</b> Gross rents	(i) Real	(ii) Personal					
		<b>b</b> Less: rental expenses						
		<b>c</b> Rental income or (loss)						
		<b>d</b> Net rental income or (loss)						
	<b>7 a</b> Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other					
		<b>b</b> Less: cost or other basis and sales expenses						
		<b>c</b> Gain or (loss)						
		<b>d</b> Net gain or (loss)						
	<b>8 a</b> Gross income from fundraising events (not including \$ 139,429. of contributions reported on line 1c). See Part IV, line 18	<b>a</b>		4,191.				
		<b>b</b> Less: direct expenses	<b>b</b>	45,188.				
		<b>c</b> Net income or (loss) from fundraising events			-40,997.			-40,997.
	<b>9 a</b> Gross income from gaming activities. See Part IV, line 19	<b>a</b>						
<b>b</b> Less: direct expenses		<b>b</b>						
<b>c</b> Net income or (loss) from gaming activities								
<b>10 a</b> Gross sales of inventory, less returns and allowances	<b>a</b>							
	<b>b</b> Less: cost of goods sold	<b>b</b>						
	<b>c</b> Net income or (loss) from sales of inventory							
Miscellaneous Revenue			<b>Business Code</b>					
<b>11 a</b> MISCELLANEOUS INCOME			900099	4,425.			4,425.	
	<b>b</b>							
	<b>c</b>							
	<b>d</b> All other revenue							
	<b>e Total.</b> Add lines 11a-11d				4,425.			
<b>12 Total revenue.</b> See instructions.				5,031,680.	1,702,426.	0.	-31,530.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	108,700.	87,533.	20,571.	596.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,270,462.	2,102,981.	95,344.	72,137.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	453,100.	421,491.	10,750.	20,859.
10 Payroll taxes	215,557.	199,095.	10,007.	6,455.
11 Fees for services (non-employees):				
a Management				
b Legal	2,216.	-663.	2,879.	
c Accounting	21,191.	9,041.	12,150.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	237,602.	217,797.	6,530.	13,275.
12 Advertising and promotion	9,747.	2,986.	1,400.	5,361.
13 Office expenses	271,394.	223,084.	21,240.	27,070.
14 Information technology				
15 Royalties				
16 Occupancy	238,379.	212,860.	17,015.	8,504.
17 Travel	50,081.	49,670.	409.	2.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	8,715.	8,504.	175.	36.
20 Interest	1,970.	1,250.	711.	9.
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	249,143.	247,138.	2,005.	
23 Insurance	40,988.	34,221.	6,644.	123.
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a HOUSING SUBSIDIES	592,966.	592,966.		
b TENANT RELOCATION COSTS	3,900.	3,900.		
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	4,776,111.	4,413,854.	207,830.	154,427.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	10,000.	<b>1</b>	3,577.
	<b>2</b> Savings and temporary cash investments .....	138,854.	<b>2</b>	136,681.
	<b>3</b> Pledges and grants receivable, net .....	286,657.	<b>3</b>	348,607.
	<b>4</b> Accounts receivable, net .....	751,377.	<b>4</b>	969,475.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....	1,640,557.	<b>7</b>	1,950,557.
	<b>8</b> Inventories for sale or use .....		<b>8</b>	
	<b>9</b> Prepaid expenses and deferred charges .....	115,529.	<b>9</b>	108,492.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 8,876,849.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 3,068,490.		
	<b>11</b> Investments - publicly traded securities .....		<b>11</b>	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....		<b>12</b>	
	<b>13</b> Investments - program-related. See Part IV, line 11 .....	202,573.	<b>13</b>	213,985.
	<b>14</b> Intangible assets .....	2,688.	<b>14</b>	2,510.
	<b>15</b> Other assets. See Part IV, line 11 .....		<b>15</b>	
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	7,970,954.	<b>16</b>	9,542,243.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	99,010.	<b>17</b>	148,299.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....	6,275,797.	<b>23</b>	7,303,478.
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	69,978.	<b>25</b>	172,528.
	<b>26 Total liabilities.</b> Add lines 17 through 25 .....	6,444,785.	<b>26</b>	7,624,305.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	1,470,066.	<b>27</b>	1,869,102.
	<b>28</b> Temporarily restricted net assets .....	11,103.	<b>28</b>	3,836.
	<b>29</b> Permanently restricted net assets .....	45,000.	<b>29</b>	45,000.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
<b>33</b> Total net assets or fund balances .....	1,526,169.	<b>33</b>	1,917,938.	
<b>34</b> Total liabilities and net assets/fund balances .....	7,970,954.	<b>34</b>	9,542,243.	

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	5,031,680.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	4,776,111.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	255,569.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	1,526,169.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	11,925.
<b>6</b>	Donated services and use of facilities	<b>6</b>	124,275.
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	0.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	1,917,938.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
<b>b</b>	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
<b>c</b>	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____	X	
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____	X	



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
▶ Attach to Form 990 or Form 990-EZ.

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public Inspection

<b>Name of the organization</b> AVALON NONPROFIT HOUSING CORPORATION	<b>Employer identification number</b> 38-3086920
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations .....
  - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
<b>Total</b>						

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2016 (line 6, column (f) divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2015 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2016.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 33 1/3% support test - 2015.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>17a 10% -facts-and-circumstances test - 2016.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 10% -facts-and-circumstances test - 2015.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....	1234892.	1028366.	1013786.	2244148.	3364975.	8886167.
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....	1287659.	1552179.	743,168.	942,031.	1702426.	6227463.
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....	2522551.	2580545.	1756954.	3186179.	5067401.	15113630.
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						0.
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						0.
<b>c</b> Add lines 7a and 7b .....						0.
<b>8 Public support.</b> (Subtract line 7c from line 6.)						15113630.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2012	(b) 2013	(c) 2014	(d) 2015	(e) 2016	(f) Total
<b>9</b> Amounts from line 6 .....	2522551.	2580545.	1756954.	3186179.	5067401.	15113630.
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources .....	3,551.	3,024.	3,244.	4,840.	5,042.	19,701.
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....	3,551.	3,024.	3,244.	4,840.	5,042.	19,701.
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....	31,130.	4,900.	12,338.	4,134.	4,425.	56,927.
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)	2557232.	2588469.	1772536.	3195153.	5076868.	15190258.

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here**

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2016 (line 8, column (f) divided by line 13, column (f)) .....	<b>15</b>	99.50 %
<b>16</b> Public support percentage from 2015 Schedule A, Part III, line 15 .....	<b>16</b>	98.22 %

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2016 (line 10c, column (f) divided by line 13, column (f)) .....	<b>17</b>	.13 %
<b>18</b> Investment income percentage from 2015 Schedule A, Part III, line 17 .....	<b>18</b>	.15 %

**19a 33 1/3% support tests - 2016.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**b 33 1/3% support tests - 2015.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
<b>b Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
<b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
<b>b</b> A family member of a person described in (a) above?		
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in Part VI.		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in Part VI how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in Part VI how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in Part VI how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in Part VI how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in Part VI the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).		
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete line 2 below.		
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete line 3 below.		
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in Part VI how you supported a government entity (see instructions).		
<b>2</b> Activities Test. Answer (a) and (b) below.		
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in Part VI identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.	Yes	No
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in Part VI the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.		
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.		
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in Part VI.		
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in Part VI the role played by the organization in this regard.		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

<b>Section A - Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	

<b>Section B - Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

<b>Section C - Distributable Amount</b>			Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** (continued)

<b>Section D - Distributions</b>	<b>Current Year</b>
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	
<b>4</b> Amounts paid to acquire exempt-use assets	
<b>5</b> Qualified set-aside amounts (prior IRS approval required)	
<b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions	
<b>7 Total annual distributions.</b> Add lines 1 through 6	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions	
<b>9</b> Distributable amount for 2016 from Section C, line 6	
<b>10</b> Line 8 amount divided by Line 9 amount	

<b>Section E - Distribution Allocations (see instructions)</b>	<b>(i) Excess Distributions</b>	<b>(ii) Underdistributions Pre-2016</b>	<b>(iii) Distributable Amount for 2016</b>
<b>1</b> Distributable amount for 2016 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2016 (reasonable cause required- explain in Part VI). See instructions			
<b>3</b> Excess distributions carryover, if any, to 2016:			
<b>a</b>			
<b>b</b>			
<b>c</b> From 2013			
<b>d</b> From 2014			
<b>e</b> From 2015			
<b>f Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2016 distributable amount			
<b>i</b> Carryover from 2011 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2016 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2016 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4			
<b>5</b> Remaining underdistributions for years prior to 2016, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in Part VI. See instructions			
<b>6</b> Remaining underdistributions for 2016. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in Part VI. See instructions			
<b>7 Excess distributions carryover to 2017.</b> Add lines 3j and 4c			
<b>8</b> Breakdown of line 7:			
<b>a</b>			
<b>b</b> Excess from 2013			
<b>c</b> Excess from 2014			
<b>d</b> Excess from 2015			
<b>e</b> Excess from 2016			





**Schedule B**

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Information about Schedule B (Form 990, 990-EZ, or 990-PF) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Name of the organization

AVALON NONPROFIT HOUSING CORPORATION

Employer identification number

38-3086920

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)( 3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000 or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h, or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ..... ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2016)

<b>Name of organization</b>  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	<b>Employer identification number</b>  <b>38-3086920</b>
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**Part I Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	_____ _____ _____	\$ 6,900.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
4	_____ _____ _____	\$ 15,974.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
5	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	_____ _____ _____	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

<b>Name of organization</b>  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	<b>Employer identification number</b>  <b>38-3086920</b>
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**Part I Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	_____ _____ _____	\$ 10,413.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
8	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	_____ _____ _____	\$ 25,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	_____ _____ _____	\$ 10,385.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
12	_____ _____ _____	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part I Contributors** (See instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13	_____ _____ _____	\$ 11,500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
14	_____ _____ _____	\$ 6,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15	_____ _____ _____	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16	_____ _____ _____	\$ 120,000.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
_____ _____ _____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
_____ _____ _____	_____ _____ _____	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part II Noncash Property** (See instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions)	(d) Date received
<u>4</u>	STOCK DONATION _____ _____ _____	\$ <u>15,974.</u>	<u>05/09/16</u>
<u>7</u>	STOCK DONATION _____ _____ _____	\$ <u>5,177.</u>	<u>01/06/16</u>
<u>7</u>	STOCK DONATION _____ _____ _____	\$ <u>5,236.</u>	<u>05/13/16</u>
<u>16</u>	PROPERTY BARGAIN SALE TRANSACTION _____ _____ _____	\$ <u>120,000.</u>	<u>12/21/16</u>
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ \_\_\_\_\_  
Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**  
▶ **Attach to Form 990.**

▶ **Information about Schedule D (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).**

OMB No. 1545-0047

**2016**

**Open to Public Inspection**

**Name of the organization** AVALON NONPROFIT HOUSING CORPORATION **Employer identification number** 38-3086920

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate value of contributions to (during year) .....		
3 Aggregate value of grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).  
 Preservation of land for public use (e.g., recreation or education)     Preservation of a historically important land area  
 Protection of natural habitat     Preservation of a certified historic structure  
 Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.** Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 .....

(ii) Assets included in Form 990, Part X .....

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1 .....

b Assets included in Form 990, Part X .....

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** (continued)

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
c Beginning balance	1c
d Additions during the year	1d
e Distributions during the year	1e
f Ending balance	1f

2a Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment  \_\_\_\_\_ %
- b Permanent endowment  \_\_\_\_\_ %
- c Temporarily restricted endowment  \_\_\_\_\_ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
(i) unrelated organizations	3a(i)	
(ii) related organizations	3a(ii)	
b If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R?	3b	

4 Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		248,800.		248,800.
b Buildings		6,886,375.	2,724,678.	4,161,697.
c Leasehold improvements		1,314,937.	144,875.	1,170,062.
d Equipment		155,410.	150,214.	5,196.
e Other		271,327.	48,723.	222,604.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.)				5,808,359.



**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives .....		
(2) Closely-held equity interests .....		
(3) Other .....		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) SECURITY DEPOSITS PAYABLE	42,306.
(3) PREPAID RENT	16,800.
(4) DEFERRED REVENUE	113,422.
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	172,528.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements .....		<b>1</b>	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:			
<b>a</b>	Net unrealized gains (losses) on investments .....	<b>2a</b>		
<b>b</b>	Donated services and use of facilities .....	<b>2b</b>		
<b>c</b>	Recoveries of prior year grants .....	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.) .....	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> .....		<b>2e</b>	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> .....		<b>3</b>	
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b .....	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.) .....	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> .....		<b>4c</b>	
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.) .....		<b>5</b>	

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements .....		<b>1</b>	
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:			
<b>a</b>	Donated services and use of facilities .....	<b>2a</b>		
<b>b</b>	Prior year adjustments .....	<b>2b</b>		
<b>c</b>	Other losses .....	<b>2c</b>		
<b>d</b>	Other (Describe in Part XIII.) .....	<b>2d</b>		
<b>e</b>	Add lines <b>2a</b> through <b>2d</b> .....		<b>2e</b>	
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b> .....		<b>3</b>	
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:			
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b .....	<b>4a</b>		
<b>b</b>	Other (Describe in Part XIII.) .....	<b>4b</b>		
<b>c</b>	Add lines <b>4a</b> and <b>4b</b> .....		<b>4c</b>	
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.) .....		<b>5</b>	

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X, LINE 2:**

THE ORGANIZATION IS EXEMPT FROM INCOME TAX UNDER PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3). NO PROVISION HAS BEEN MADE IN THE FINANCIAL STATEMENTS FOR INCOME TAXES FOR THE PARTNERSHIP BECAUSE, AS A PARTNERSHIP, ALL INCOME AND EXPENSES ARE ALLOCATED TO THE PARTNERS FOR INCLUSION ON THEIR RESPECTIVE INCOME TAX RETURNS. MANAGEMENT HAS ANALYZED THE TAX POSITIONS OF THE ORGANIZATION AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2016, THERE ARE NO UNCERTAIN TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS. MANAGEMENT BELIEVES THAT IT WOULD NOT BE SUBJECT TO ANY INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2013.





**Part II Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		HOME FOR GOOD EVENT		NONE	
		(event type)	(event type)	(total number)	
Revenue	1	Gross receipts	143,620.		143,620.
	2	Less: Contributions	139,429.		139,429.
	3	Gross income (line 1 minus line 2)	4,191.		4,191.
Direct Expenses	4	Cash prizes			
	5	Noncash prizes			
	6	Rent/facility costs	14,800.		14,800.
	7	Food and beverages	12,530.		12,530.
	8	Entertainment	250.		250.
	9	Other direct expenses	17,608.		17,608.
	10	Direct expense summary. Add lines 4 through 9 in column (d)			45,188.
	11	Net income summary. Subtract line 10 from line 3, column (d)			-40,997.

**Part III Gaming.** Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	1	Gross revenue			
Direct Expenses	2	Cash prizes			
	3	Noncash prizes			
	4	Rent/facility costs			
	5	Other direct expenses			
	6	Volunteer labor	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No
	7	Direct expense summary. Add lines 2 through 5 in column (d)			
	8	Net gaming income summary. Subtract line 7 from line 1, column (d)			

9 Enter the state(s) in which the organization conducts gaming activities: \_\_\_\_\_  
 a Is the organization licensed to conduct gaming activities in each of these states?  Yes  No  
 b If "No," explain: \_\_\_\_\_

10a Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year?  Yes  No  
 b If "Yes," explain: \_\_\_\_\_

- 11** Does the organization conduct gaming activities with nonmembers?  Yes  No
- 12** Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No
- 13** Indicate the percentage of gaming activity conducted in:
- |                                      |            |   |
|--------------------------------------|------------|---|
| <b>a</b> The organization's facility | <b>13a</b> | % |
| <b>b</b> An outside facility         | <b>13b</b> | % |
- 14** Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

- 15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No
- b** If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_
- c** If "Yes," enter name and address of the third party:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

**16** Gaming manager information:

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

\_\_\_\_\_

Director/officer       Employee       Independent contractor

**17** Mandatory distributions:

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No
- b** Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV** **Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_



**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public  
Inspection

Name of the organization

AVALON NONPROFIT HOUSING CORPORATION

Employer identification number

38-3086920

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

THE INCLUSION OF PERSONS WITH DISABILITIES AND SPECIAL NEEDS WHO ARE  
UNDERSERVED IN THE HOUSING MARKET. IN OPERATING HOUSING, AVALON  
NONPROFIT HOUSING CORPORATION WILL UTILIZE AN ENHANCED MANAGEMENT  
APPROACH WHICH MAXIMIZES PROBLEM SOLVING WITH TENANTS, MINIMIZES  
EVICTION, AND ENSURES FINANCIAL VIABILITY, PROPERTY MAINTENANCE AND  
SAFETY. AVALON NONPROFIT HOUSING CORPORATION WILL SEEK TO DEVELOP  
HOUSING IN A VARIETY OF LOCATIONS WITHIN THE CITIES OF ANN ARBOR AND  
YPSILANTI, AND MORE WIDELY IN WASHTENAW COUNTY IN RESPONSE TO  
IDENTIFIED NEEDS.

FORM 990, PART VI, SECTION A, LINE 2:

THREE BOARD MEMBERS, RHEA KISH, BARBARA KESSLER AND GARY BRUDER HAVE A  
BUSINESS RELATIONSHIP BY VIRTUE OF ALSO BEING A DIRECTOR OF ONE OR MORE OF  
THE RELATED C CORPORATIONS THAT INVEST IN THE LOW-INCOME HOUSING  
PARTNERSHIPS IN FURTHERANCE OF THE ORGANIZATION'S EXEMPT PURPOSE AND  
SERVING AS A BOARD MEMBER OF AVALON SECOND NON PROFIT HOUSING CORPORATION.

FORM 990, PART VI, SECTION B, LINE 11B:

FINANCE COMMITTEE, EXECUTIVE DIRECTOR, ASSOCIATE DIRECTOR AND CONTROLLER  
REVIEW 990 AND APPROVE FOR FORWARDING TO FULL BOARD FOR REVIEW AND  
APPROVAL.

FORM 990, PART VI, SECTION B, LINE 12C:

ANNUAL SIGNED RESTATEMENT OF POLICY BY BOARD MEMBERS. BOARD MEMBERS WITH  
CONFLICTS DISCLOSE AND ABSTAIN FROM VOTING ON ISSUE.



Name of the organization <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number <b>38-3086920</b>
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FORM 990, PART VI, SECTION B, LINE 15A:

THE BOARD ANNUALLY REVIEWS PERFORMANCE AND COMPENSATION OF TOP PAID EMPLOYEES AGAINST 990 INFORMATION FROM SIMILAR ORGANIZATIONS AND INFORMATION FROM PUBLIC SOURCES. THIS WAS LAST PERFORMED IN 2015.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION GOVERNING DOCUMENTS, POLICIES, AND FINANCIAL STATEMENTS ARE AVAILABLE UPON REQUEST AT THE FINANCE DEPARTMENT OFFICE.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990.

▶ Information about Schedule R (Form 990) and its instructions is at [www.irs.gov/form990](http://www.irs.gov/form990).

OMB No. 1545-0047

**2016**

Open to Public  
Inspection

Name of the organization **AVALON NONPROFIT HOUSING CORPORATION** Employer identification number **38-3086920**

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
AVALON SECOND NONPROFIT HOUSING CORPORATION - 14-1977260, 1327 JONES DR, STE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MICHIGAN	501(C)(3)	LINE 7	AVALON NONPROFIT HOUSING	X	

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule R (Form 990) 2016

SEE PART VII FOR CONTINUATIONS

**Part III Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
CARROT WAY APARTMENTS LDHA LP - 37-1470458, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
PEAR STREET APARTMENTS LDHA LP - 26-2693139, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
WILLIAM STREET APARTMENTS LDHA LP - 38-3110271, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING CORPORATION	RELATED	10,729.	376,144.		X	N/A		X	99.00%
PAULINE APARTMENTS LDHA LP - 35-2421337, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34 because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
AVALON PARTNERSHIPS, INC - 38-3075103 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	109.	88,849.	100%	X	
AVALON CARROT WAY PARTNERSHIP, INC - 32-0083972, 1327 JONES DR, STE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-6.	49,829.	100%	X	
PEAR STREET APARTMENTS, INC - 26-2692914 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-5.	0.	100%	X	
AVALON PAULINE APARTMENTS, INC - 80-0755852 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-28.	23.	100%	X	
ARBORDALE APARTMENTS 2014, INC - 46-5408008 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	5.	107.	100%	X	



**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
<b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
<b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity .....		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....		X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....		X
<b>d</b> Loans or loan guarantees to or for related organization(s) .....		X
<b>e</b> Loans or loan guarantees by related organization(s) .....		X
<b>f</b> Dividends from related organization(s) .....		X
<b>g</b> Sale of assets to related organization(s) .....		X
<b>h</b> Purchase of assets from related organization(s) .....		X
<b>i</b> Exchange of assets with related organization(s) .....		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....	X	
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....		X
<b>o</b> Sharing of paid employees with related organization(s) .....	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses .....		X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	X	
<b>r</b> Other transfer of cash or property to related organization(s) .....		X
<b>s</b> Other transfer of cash or property from related organization(s) .....		X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CARROT WAY APARTMENTS LDHA LP	Q	155,212.	CASH PAID
(2) AVALON SECOND NONPROFIT HOUSING CORP	Q	167,717.	CASH PAID
(3) PEAR STREET APARTMENTS LDHA LP	Q	65,972.	CASH PAID
(4) PAULINE APARTMENTS LDHA LP	Q	149,975.	CASH PAID
(5) ARBORDALE APARTMENTS 2014 LDHA LP	Q	247,794.	CASH PAID
(6)			



**Part VII** Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

**PART II, IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS:**

NAME OF RELATED ORGANIZATION:

AVALON SECOND NONPROFIT HOUSING CORPORATION

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

**PART III, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS PARTNERSHIP:**

NAME OF RELATED ORGANIZATION:

WILLIAM STREET APARTMENTS LDHA LP

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING CORPORATION

**PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:**

NAME OF RELATED ORGANIZATION:

AVALON PARTNERSHIPS, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

AVALON CARROT WAY PARTNERSHIP, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

PEAR STREET APARTMENTS, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

AVALON PAULINE APARTMENTS, INC

**Part VII** Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

ARBORDALE APARTMENTS 2014, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING



# Application for Automatic Extension of Time To File an Exempt Organization Return

Department of the Treasury  
Internal Revenue Service

▶ **File a separate application for each return.**

▶ **Information about Form 8868 and its instructions is at [www.irs.gov/form8868](http://www.irs.gov/form8868) .**

**Electronic filing (e-file).** You can electronically file Form 8868 to request a 6-month automatic extension of time to file any of the forms listed below with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, for which an extension request must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit [www.irs.gov/efile](http://www.irs.gov/efile), click on Charities & Non-Profits, and click on e-file for Charities and Non-Profits.

**Automatic 6-Month Extension of Time.** Only submit original (no copies needed).

All corporations required to file an income tax return other than Form 990-T (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns.

		Enter filer's identifying number
<b>Type or print</b>	Name of exempt organization or other filer, see instructions.  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number (EIN) or  <b>38-3086920</b>
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions. <b>1327 JONES DRIVE, SUITE 102</b>	Social security number (SSN)
	City, town or post office, state, and ZIP code. For a foreign address, see instructions. <b>ANN ARBOR, MI 48105</b>	

Enter the Return Code for the return that this application is for (file a separate application for each return) 0 1

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

**CAROLE MCCABE**

• The books are in the care of ▶ **1327 JONES DRIVE, SUITE 102 - ANN ARBOR, MI 48105**  
Telephone No. ▶ **(734) 663-5858** Fax No. ▶ \_\_\_\_\_

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) \_\_\_\_\_. If this is for the whole group, check this box . If it is for part of the group, check this box  and attach a list with the names and EINs of all members the extension is for.

**1** I request an automatic 6-month extension of time until **NOVEMBER 15, 2017**, to file the exempt organization return for the organization named above. The extension is for the organization's return for:

- ▶  calendar year **2016** or
- ▶  tax year beginning \_\_\_\_\_, and ending \_\_\_\_\_.

**2** If the tax year entered in line 1 is for less than 12 months, check reason:  Initial return  Final return  Change in accounting period

<b>3a</b> If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	<b>3a</b>	\$	0.
<b>b</b> If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	<b>3b</b>	\$	0.
<b>c Balance due.</b> Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	<b>3c</b>	\$	0.

**Caution:** If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions.

## **iv. 2017 Form 990**

PUBLIC DISCLOSURE COPY

Form **990**

Department of the Treasury  
Internal Revenue Service

**Return of Organization Exempt From Income Tax**  
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

▶ Do not enter social security numbers on this form as it may be made public.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

Open to Public Inspection

**A For the 2017 calendar year, or tax year beginning and ending**

<b>B</b> Check if applicable:  <input type="checkbox"/> Address change <input type="checkbox"/> Name change <input type="checkbox"/> Initial return <input type="checkbox"/> Final return/terminated <input type="checkbox"/> Amended return <input type="checkbox"/> Application pending	<b>C</b> Name of organization <b>AVALON NONPROFIT HOUSING CORPORATION</b> Doing business as <b>AVALON HOUSING, INC.</b> Number and street (or P.O. box if mail is not delivered to street address) Room/suite <b>1327 JONES DRIVE, SUITE 102</b> City or town, state or province, country, and ZIP or foreign postal code <b>ANN ARBOR, MI 48105</b> <b>F</b> Name and address of principal officer: <b>AUBREY PATINO</b> <b>SAME AS C ABOVE</b>	<b>D</b> Employer identification number <b>38-3086920</b> <b>E</b> Telephone number <b>(734) 663-5858</b> <b>G</b> Gross receipts \$ <b>5,214,809.</b> <b>H(a)</b> Is this a group return for subordinates? <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <b>H(b)</b> Are all subordinates included? <input type="checkbox"/> Yes <input type="checkbox"/> No If "No," attach a list. (see instructions) <b>H(c)</b> Group exemption number ▶
<b>I</b> Tax-exempt status: <input checked="" type="checkbox"/> 501(c)(3) <input type="checkbox"/> 501(c) ( ) (insert no.) <input type="checkbox"/> 4947(a)(1) or <input type="checkbox"/> 527		
<b>J</b> Website: ▶ <b>WWW.AVALONHOUSING.ORG</b>		
<b>K</b> Form of organization: <input checked="" type="checkbox"/> Corporation <input type="checkbox"/> Trust <input type="checkbox"/> Association <input type="checkbox"/> Other ▶		
<b>L</b> Year of formation: <b>1992</b>		<b>M</b> State of legal domicile: <b>MI</b>

**Part I Summary**

<b>Activities &amp; Governance</b>	<b>1</b> Briefly describe the organization's mission or most significant activities: <b>THE DEVELOPMENT, MANAGEMENT, AND OWNERSHIP OF AFFORDABLE AND SUPPORTIVE RENTAL HOUSING.</b> <b>2</b> Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets. <b>3</b> Number of voting members of the governing body (Part VI, line 1a) ..... <b>3</b> <b>11</b> <b>4</b> Number of independent voting members of the governing body (Part VI, line 1b) ..... <b>4</b> <b>11</b> <b>5</b> Total number of individuals employed in calendar year 2017 (Part V, line 2a) ..... <b>5</b> <b>129</b> <b>6</b> Total number of volunteers (estimate if necessary) ..... <b>6</b> <b>125</b> <b>7a</b> Total unrelated business revenue from Part VIII, column (C), line 12 ..... <b>7a</b> <b>0.</b> <b>7b</b> Net unrelated business taxable income from Form 990-T, line 34 ..... <b>7b</b> <b>0.</b>	
<b>Revenue</b>	<b>8</b> Contributions and grants (Part VIII, line 1h) ..... <b>3,360,784.</b> <b>Prior Year</b> <b>3,746,395.</b> <b>Current Year</b> <b>9</b> Program service revenue (Part VIII, line 2g) ..... <b>1,702,426.</b> <b>1,407,996.</b> <b>10</b> Investment income (Part VIII, column (A), lines 3, 4, and 7d) ..... <b>5,042.</b> <b>39,076.</b> <b>11</b> Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e) ..... <b>-36,572.</b> <b>-27,748.</b> <b>12</b> Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12) ..... <b>5,031,680.</b> <b>5,165,719.</b>	
<b>Expenses</b>	<b>13</b> Grants and similar amounts paid (Part IX, column (A), lines 1-3) ..... <b>0.</b> <b>0.</b> <b>14</b> Benefits paid to or for members (Part IX, column (A), line 4) ..... <b>0.</b> <b>0.</b> <b>15</b> Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10) ..... <b>3,047,819.</b> <b>3,664,360.</b> <b>16a</b> Professional fundraising fees (Part IX, column (A), line 11e) ..... <b>0.</b> <b>0.</b> <b>b</b> Total fundraising expenses (Part IX, column (D), line 25) ▶ <b>208,721.</b> <b>17</b> Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e) ..... <b>1,728,292.</b> <b>2,072,929.</b> <b>18</b> Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25) ..... <b>4,776,111.</b> <b>5,737,289.</b> <b>19</b> Revenue less expenses. Subtract line 18 from line 12 ..... <b>255,569.</b> <b>-571,570.</b>	
<b>Net Assets or Fund Balances</b>	<b>20</b> Total assets (Part X, line 16) ..... <b>9,542,243.</b> <b>Beginning of Current Year</b> <b>9,476,950.</b> <b>End of Year</b> <b>21</b> Total liabilities (Part X, line 26) ..... <b>7,624,305.</b> <b>8,096,306.</b> <b>22</b> Net assets or fund balances. Subtract line 21 from line 20 ..... <b>1,917,938.</b> <b>1,380,644.</b>	

**Part II Signature Block**

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

<b>Sign Here</b>	Signature of officer <b>AUBREY PATINO, EXECUTIVE DIRECTOR</b> Type or print name and title	Date
<b>Paid Preparer Use Only</b>	Print/Type preparer's name <b>KENNETH R. PERLIN</b>	Preparer's signature Date Check if self-employed <input type="checkbox"/> PTIN <b>P01029125</b>
	Firm's name ▶ <b>KIRSCHNER HUTTON PERLIN, P.C.</b> Firm's address ▶ <b>26913 NORTHWESTERN HWY., SUITE 510 SOUTHFIELD, MI 48033-8444</b>	Firm's EIN ▶ <b>38-2308034</b> Phone no. <b>248-356-3880</b>

May the IRS discuss this return with the preparer shown above? (see instructions)  Yes  No

# IRS e-file Signature Authorization for an Exempt Organization

For calendar year 2017, or fiscal year beginning \_\_\_\_\_, 2017, and ending \_\_\_\_\_, 20\_\_\_\_

# 2017

Department of the Treasury  
Internal Revenue Service

▶ Do not send to the IRS. Keep for your records.

▶ Go to [www.irs.gov/Form8879EO](http://www.irs.gov/Form8879EO) for the latest information.

Name of exempt organization

Employer identification number

AVALON NONPROFIT HOUSING CORPORATION

38-3086920

Name and title of officer

AUBREY PATINO

EXECUTIVE DIRECTOR

### Part I Type of Return and Return Information (Whole Dollars Only)

Check the box for the return for which you are using this Form 8879-EO and enter the applicable amount, if any, from the return. If you check the box on line 1a, 2a, 3a, 4a, or 5a, below, and the amount on that line for the return being filed with this form was blank, then leave line 1b, 2b, 3b, 4b, or 5b, whichever is applicable, blank (do not enter -0-). But, if you entered -0- on the return, then enter -0- on the applicable line below. Do not complete more than 1 line in Part I.

1a Form 990 check here	▶ <input checked="" type="checkbox"/>	b Total revenue, if any (Form 990, Part VIII, column (A), line 12)	1b	<u>5,165,719.</u>
2a Form 990-EZ check here	▶ <input type="checkbox"/>	b Total revenue, if any (Form 990-EZ, line 9)	2b	
3a Form 1120-POL check here	▶ <input type="checkbox"/>	b Total tax (Form 1120-POL, line 22)	3b	
4a Form 990-PF check here	▶ <input type="checkbox"/>	b Tax based on investment income (Form 990-PF, Part VI, line 5)	4b	
5a Form 8868 check here	▶ <input type="checkbox"/>	b Balance Due (Form 8868, line 3c)	5b	

### Part II Declaration and Signature Authorization of Officer


Under penalties of perjury, I declare that I am an officer of the above organization and that I have examined a copy of the organization's 2017 electronic return and accompanying schedules and statements and to the best of my knowledge and belief, they are true, correct, and complete. I further declare that the amount in Part I above is the amount shown on the copy of the organization's electronic return. I consent to allow my intermediate service provider, transmitter, or electronic return originator (ERO) to send the organization's return to the IRS and to receive from the IRS (a) an acknowledgement of receipt or reason for rejection of the transmission, (b) the reason for any delay in processing the return or refund, and (c) the date of any refund. If applicable, I authorize the U.S. Treasury and its designated Financial Agent to initiate an electronic funds withdrawal (direct debit) entry to the financial institution account indicated in the tax preparation software for payment of the organization's federal taxes owed on this return, and the financial institution to debit the entry to this account. To revoke a payment, I must contact the U.S. Treasury Financial Agent at 1-888-353-4537 no later than 2 business days prior to the payment (settlement) date. I also authorize the financial institutions involved in the processing of the electronic payment of taxes to receive confidential information necessary to answer inquiries and resolve issues related to the payment. I have selected a personal identification number (PIN) as my signature for the organization's electronic return and, if applicable, the organization's consent to electronic funds withdrawal.

Officer's PIN: check one box only

I authorize KIRSCHNER HUTTON PERLIN, P.C. to enter my PIN 10403  
ERO firm name Enter five numbers, but do not enter all zeros

as my signature on the organization's tax year 2017 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I also authorize the aforementioned ERO to enter my PIN on the return's disclosure consent screen.

As an officer of the organization, I will enter my PIN as my signature on the organization's tax year 2017 electronically filed return. If I have indicated within this return that a copy of the return is being filed with a state agency(ies) regulating charities as part of the IRS Fed/State program, I will enter my PIN on the return's disclosure consent screen.

Officer's signature ▶  Date ▶ 9/26/18

### Part III Certification and Authentication

ERO's EFIN/PIN. Enter your six-digit electronic filing identification number (EFIN) followed by your five-digit self-selected PIN.

38022623080

Do not enter all zeros

I certify that the above numeric entry is my PIN, which is my signature on the 2017 electronically filed return for the organization indicated above. I confirm that I am submitting this return in accordance with the requirements of Pub. 4163, Modernized e-File (MeF) Information for Authorized IRS e-file Providers for Business Returns.

ERO's signature ▶  Date ▶ 9/28/18

**ERO Must Retain This Form - See Instructions**  
**Do Not Submit This Form to the IRS Unless Requested To Do So**

Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III [X]

1 Briefly describe the organization's mission: THE MISSION OF AVALON NONPROFIT HOUSING CORPORATION IS TO DEVELOP, OWN, AND/OR MANAGE PERMANENT LEASED HOUSING THAT IS AFFORDABLE TO LOW-INCOME PEOPLE, INCLUDING THOSE WITH LOW WAGE EMPLOYMENT OR ON FIXED INCOMES. AVALON NONPROFIT HOUSING CORPORATION IS COMMITTED TO

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [ ] Yes [X] No If "Yes," describe these new services on Schedule O.

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [ ] Yes [X] No If "Yes," describe these changes on Schedule O.

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses. Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported.

4a (Code: ) (Expenses \$ 5,239,788. including grants of \$ ) (Revenue \$ 1,407,996.) ORGANIZATION DEVELOPS, RENOVATES AND MANAGES LOW-INCOME HOUSING UNITS.

4b (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4c (Code: ) (Expenses \$ including grants of \$ ) (Revenue \$ )

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$ ) (Revenue \$ )

4e Total program service expenses 5,239,788.

**Part IV Checklist of Required Schedules**

	Yes	No
<b>1</b> Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i> .....	X	
<b>2</b> Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ? .....	X	
<b>3</b> Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i> .....		X
<b>4 Section 501(c)(3) organizations.</b> Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i> .....		X
<b>5</b> Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i> .....		X
<b>6</b> Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i> .....		X
<b>7</b> Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i> .....		X
<b>8</b> Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i> .....		X
<b>9</b> Did the organization report an amount in Part X, line 21, for escrow or custodial account liability, serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i> .....		X
<b>10</b> Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i> .....		X
<b>11</b> If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
<b>a</b> Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i> .....	X	
<b>b</b> Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i> .....		X
<b>c</b> Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i> .....		X
<b>d</b> Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i> .....		X
<b>e</b> Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i> .....	X	
<b>f</b> Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i> .....	X	
<b>12a</b> Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i> .....		X
<b>b</b> Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i> .....	X	
<b>13</b> Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i> .....		X
<b>14a</b> Did the organization maintain an office, employees, or agents outside of the United States? .....		X
<b>b</b> Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i> .....		X
<b>15</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i> .....		X
<b>16</b> Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i> .....		X
<b>17</b> Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i> .....		X
<b>18</b> Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i> .....	X	
<b>19</b> Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i> .....		X

**Part IV Checklist of Required Schedules** (continued)

	Yes	No
<b>20a</b> Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i> .....		X
<b>b</b> If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return? .....		
<b>21</b> Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or domestic government on Part IX, column (A), line 1? <i>If "Yes," complete Schedule I, Parts I and II</i> .....		X
<b>22</b> Did the organization report more than \$5,000 of grants or other assistance to or for domestic individuals on Part IX, column (A), line 2? <i>If "Yes," complete Schedule I, Parts I and III</i> .....		X
<b>23</b> Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? <i>If "Yes," complete Schedule J</i> .....		X
<b>24a</b> Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? <i>If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a</i> .....		X
<b>b</b> Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception? .....		
<b>c</b> Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds? .....		
<b>d</b> Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year? .....		
<b>25a</b> <b>Section 501(c)(3), 501(c)(4), and 501(c)(29) organizations.</b> Did the organization engage in an excess benefit transaction with a disqualified person during the year? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>b</b> Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? <i>If "Yes," complete Schedule L, Part I</i> .....		X
<b>26</b> Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? <i>If "Yes," complete Schedule L, Part II</i> .....		X
<b>27</b> Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? <i>If "Yes," complete Schedule L, Part III</i> .....		X
<b>28</b> Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions):		
<b>a</b> A current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>b</b> A family member of a current or former officer, director, trustee, or key employee? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>c</b> An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? <i>If "Yes," complete Schedule L, Part IV</i> .....		X
<b>29</b> Did the organization receive more than \$25,000 in non-cash contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>30</b> Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? <i>If "Yes," complete Schedule M</i> .....		X
<b>31</b> Did the organization liquidate, terminate, or dissolve and cease operations? <i>If "Yes," complete Schedule N, Part I</i> .....		X
<b>32</b> Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? <i>If "Yes," complete Schedule N, Part II</i> .....		X
<b>33</b> Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? <i>If "Yes," complete Schedule R, Part I</i> .....		X
<b>34</b> Was the organization related to any tax-exempt or taxable entity? <i>If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1</i> .....	X	
<b>35a</b> Did the organization have a controlled entity within the meaning of section 512(b)(13)? .....	X	
<b>b</b> If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....	X	
<b>36</b> <b>Section 501(c)(3) organizations.</b> Did the organization make any transfers to an exempt non-charitable related organization? <i>If "Yes," complete Schedule R, Part V, line 2</i> .....		X
<b>37</b> Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? <i>If "Yes," complete Schedule R, Part VI</i> .....		X
<b>38</b> Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19? .....		
<b>Note.</b> All Form 990 filers are required to complete Schedule O .....	X	



**Part V Statements Regarding Other IRS Filings and Tax Compliance**

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
<b>1a</b>	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable		
<b>1b</b>	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable		
<b>1c</b>	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners?	X	
<b>2a</b>	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return		
<b>2b</b>	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? <b>Note.</b> If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions)	X	
<b>3a</b>	Did the organization have unrelated business gross income of \$1,000 or more during the year?		X
<b>3b</b>	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O		
<b>4a</b>	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)?		X
<b>4b</b>	If "Yes," enter the name of the foreign country: See instructions for filing requirements for FinCEN Form 114, Report of Foreign Bank and Financial Accounts (FBAR).		
<b>5a</b>	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year?		X
<b>5b</b>	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction?		X
<b>5c</b>	If "Yes," to line 5a or 5b, did the organization file Form 8886-T?		
<b>6a</b>	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions?		X
<b>6b</b>	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible?		
<b>7</b>	<b>Organizations that may receive deductible contributions under section 170(c).</b>		
<b>7a</b>	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor?	X	
<b>7b</b>	If "Yes," did the organization notify the donor of the value of the goods or services provided?	X	
<b>7c</b>	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282?		X
<b>7d</b>	If "Yes," indicate the number of Forms 8282 filed during the year		
<b>7e</b>	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract?		X
<b>7f</b>	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract?		X
<b>7g</b>	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required?		
<b>7h</b>	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C?		
<b>8</b>	<b>Sponsoring organizations maintaining donor advised funds.</b> Did a donor advised fund maintained by the sponsoring organization have excess business holdings at any time during the year?		
<b>9</b>	<b>Sponsoring organizations maintaining donor advised funds.</b>		
<b>9a</b>	Did the sponsoring organization make any taxable distributions under section 4966?		
<b>9b</b>	Did the sponsoring organization make a distribution to a donor, donor advisor, or related person?		
<b>10</b>	<b>Section 501(c)(7) organizations.</b> Enter:		
<b>10a</b>	Initiation fees and capital contributions included on Part VIII, line 12		
<b>10b</b>	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities		
<b>11</b>	<b>Section 501(c)(12) organizations.</b> Enter:		
<b>11a</b>	Gross income from members or shareholders		
<b>11b</b>	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.)		
<b>12a</b>	<b>Section 4947(a)(1) non-exempt charitable trusts.</b> Is the organization filing Form 990 in lieu of Form 1041?		
<b>12b</b>	If "Yes," enter the amount of tax-exempt interest received or accrued during the year		
<b>13</b>	<b>Section 501(c)(29) qualified nonprofit health insurance issuers.</b>		
<b>13a</b>	Is the organization licensed to issue qualified health plans in more than one state? <b>Note.</b> See the instructions for additional information the organization must report on Schedule O.		
<b>13b</b>	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans		
<b>13c</b>	Enter the amount of reserves on hand		
<b>14a</b>	Did the organization receive any payments for indoor tanning services during the tax year?		X
<b>14b</b>	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O		

**Part VI Governance, Management, and Disclosure** For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

**Section A. Governing Body and Management**

		Yes	No
<b>1a</b>	Enter the number of voting members of the governing body at the end of the tax year If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
	<b>1a</b> 11		
<b>b</b>	Enter the number of voting members included in line 1a, above, who are independent		
	<b>1b</b> 11		
<b>2</b>	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?	X	
<b>3</b>	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
<b>4</b>	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
<b>5</b>	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
<b>6</b>	Did the organization have members or stockholders?		X
<b>7a</b>	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
<b>b</b>	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
<b>8</b>	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
<b>a</b>	The governing body?	X	
<b>b</b>	Each committee with authority to act on behalf of the governing body?	X	
<b>9</b>	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O		X

**Section B. Policies** (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
<b>10a</b>	Did the organization have local chapters, branches, or affiliates?		X
<b>b</b>	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
<b>10b</b>			
<b>11a</b>	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
<b>b</b>	Describe in Schedule O the process, if any, used by the organization to review this Form 990.		
<b>12a</b>	Did the organization have a written conflict of interest policy? If "No," go to line 13	X	
<b>b</b>	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
<b>c</b>	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done	X	
<b>12c</b>		X	
<b>13</b>	Did the organization have a written whistleblower policy?	X	
<b>14</b>	Did the organization have a written document retention and destruction policy?	X	
<b>15</b>	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
<b>a</b>	The organization's CEO, Executive Director, or top management official	X	
<b>b</b>	Other officers or key employees of the organization		X
	If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		
<b>16a</b>	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?	X	
<b>b</b>	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?	X	
<b>16b</b>		X	

**Section C. Disclosure**

- 17** List the states with which a copy of this Form 990 is required to be filed **MI**
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.  
 Own website     Another's website     Upon request     Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how) the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, address, and telephone number of the person who possesses the organization's books and records: **AUBREY PATINO - (734) 663-5858**  
**1327 JONES DRIVE, SUITE 102, ANN ARBOR, MI 48105**

**Part VII Compensation of Officers, Directors, Trustees, Key Employees, Highest Compensated Employees, and Independent Contractors**

Check if Schedule O contains a response or note to any line in this Part VII

**Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees**

**1a** Complete this table for all persons required to be listed. Report compensation for the calendar year ending with or within the organization's tax year.

- List all of the organization's **current** officers, directors, trustees (whether individuals or organizations), regardless of amount of compensation. Enter -0- in columns (D), (E), and (F) if no compensation was paid.
- List all of the organization's **current** key employees, if any. See instructions for definition of "key employee."
- List the organization's five **current** highest compensated employees (other than an officer, director, trustee, or key employee) who received reportable compensation (Box 5 of Form W-2 and/or Box 7 of Form 1099-MISC) of more than \$100,000 from the organization and any related organizations.
- List all of the organization's **former** officers, key employees, and highest compensated employees who received more than \$100,000 of reportable compensation from the organization and any related organizations.
- List all of the organization's **former directors or trustees** that received, in the capacity as a former director or trustee of the organization, more than \$10,000 of reportable compensation from the organization and any related organizations.

List persons in the following order: individual trustees or directors; institutional trustees; officers; key employees; highest compensated employees; and former such persons.

Check this box if neither the organization nor any related organization compensated any current officer, director, or trustee.

(A) Name and Title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
(1) BARBARA KESSLER PRESIDENT	4.00 1.00	X		X				0.	0.	0.
(2) JIM GROSH TREASURER	1.00 1.00	X		X				0.	0.	0.
(3) GARY BRUDER SECRETARY	3.00 1.00	X		X				0.	0.	0.
(4) ALLEN NEWMAN VICE PRESIDENT	1.00	X		X				0.	0.	0.
(5) LESHONEE ST. CLAIR TRUSTEE	1.00	X						0.	0.	0.
(6) MARGARET WONG TRUSTEE	1.00	X						0.	0.	0.
(7) JEREMY LAPEDIS TRUSTEE	1.00	X						0.	0.	0.
(8) OLGA TERVO TRUSTEE	1.00	X						0.	0.	0.
(9) RUSS MONAHAN TRUSTEE	1.00	X						0.	0.	0.
(10) VERONIQUE LIEM VICE PRESIDENT	1.00	X		X				0.	0.	0.
(11) ALEX THOMAS TRUSTEE	1.00	X						0.	0.	0.
(12) AUBREY PATINO EXECUTIVE DIRECTOR OF OPER	40.00			X				75,325.	0.	6,180.
(13) CAROLE MCCABE FORMER EXECUTIVE DIRECTOR	40.00			X				99,153.	0.	18,597.

**Part VII Section A. Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees** (continued)

(A) Name and title	(B) Average hours per week (list any hours for related organizations below line)	(C) Position (do not check more than one box, unless person is both an officer and a director/trustee)						(D) Reportable compensation from the organization (W-2/1099-MISC)	(E) Reportable compensation from related organizations (W-2/1099-MISC)	(F) Estimated amount of other compensation from the organization and related organizations
		Individual trustee or director	Institutional trustee	Officer	Key employee	Highest compensated employee	Former			
<b>1b Sub-total</b> .....							174,478.	0.	24,777.	
<b>c Total from continuation sheets to Part VII, Section A</b> .....							0.	0.	0.	
<b>d Total (add lines 1b and 1c)</b> .....							174,478.	0.	24,777.	

**2** Total number of individuals (including but not limited to those listed above) who received more than \$100,000 of reportable compensation from the organization **0**

	Yes	No
<b>3</b> Did the organization list any <b>former</b> officer, director, or trustee, key employee, or highest compensated employee on line 1a? <i>If "Yes," complete Schedule J for such individual</i> .....		X
<b>4</b> For any individual listed on line 1a, is the sum of reportable compensation and other compensation from the organization and related organizations greater than \$150,000? <i>If "Yes," complete Schedule J for such individual</i> .....		X
<b>5</b> Did any person listed on line 1a receive or accrue compensation from any unrelated organization or individual for services rendered to the organization? <i>If "Yes," complete Schedule J for such person</i> .....		X

**Section B. Independent Contractors**

**1** Complete this table for your five highest compensated independent contractors that received more than \$100,000 of compensation from the organization. Report compensation for the calendar year ending with or within the organization's tax year.

(A) Name and business address	(B) Description of services	(C) Compensation
NONE		

**2** Total number of independent contractors (including but not limited to those listed above) who received more than \$100,000 of compensation from the organization **0**

**Part VIII Statement of Revenue**

Check if Schedule O contains a response or note to any line in this Part VIII

				(A)	(B)	(C)	(D)	
				Total revenue	Related or exempt function revenue	Unrelated business revenue	Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a	Federated campaigns	1a					
	b	Membership dues	1b					
	c	Fundraising events	1c	164,288.				
	d	Related organizations	1d					
	e	Government grants (contributions)	1e	3,089,681.				
	f	All other contributions, gifts, grants, and similar amounts not included above	1f	492,426.				
	g	Noncash contributions included in lines 1a-1f: \$						
	h	<b>Total.</b> Add lines 1a-1f		3,746,395.				
	Program Service Revenue	2 a	<b>RENTAL INCOME</b>	Business Code	531110	621,200.	621,200.	
b		<b>CONSULTING SERVICES IN</b>	Business Code	561000	601,939.	601,939.		
c		<b>MANAGEMENT INCOME</b>	Business Code	531310	121,557.	121,557.		
d		<b>DEVELOPER FEES</b>	Business Code	531390	63,300.	63,300.		
e								
f		All other program service revenue						
g		<b>Total.</b> Add lines 2a-2f			1,407,996.			
Other Revenue	3	Investment income (including dividends, interest, and other similar amounts)			39,076.		39,076.	
	4	Income from investment of tax-exempt bond proceeds						
	5	Royalties						
	6 a	Gross rents	(i) Real					
			(ii) Personal					
			b	Less: rental expenses				
			c	Rental income or (loss)				
	d	Net rental income or (loss)						
	7 a	Gross amount from sales of assets other than inventory	(i) Securities					
			(ii) Other					
			b	Less: cost or other basis and sales expenses				
			c	Gain or (loss)				
	d	Net gain or (loss)						
	8 a	Gross income from fundraising events (not including \$ 164,288. of contributions reported on line 1c). See Part IV, line 18	a	17,740.				
			b	Less: direct expenses	49,090.			
c			Net income or (loss) from fundraising events		-31,350.		-31,350.	
9 a	Gross income from gaming activities. See Part IV, line 19	a						
		b	Less: direct expenses					
		c	Net income or (loss) from gaming activities					
10 a	Gross sales of inventory, less returns and allowances	a						
		b	Less: cost of goods sold					
		c	Net income or (loss) from sales of inventory					
Miscellaneous Revenue			Business Code					
11 a	<b>MISCELLANEOUS INCOME</b>	Business Code	900099	3,602.		3,602.		
b								
c								
d	All other revenue							
e	<b>Total.</b> Add lines 11a-11d			3,602.				
12	<b>Total revenue.</b> See instructions.			5,165,719.	1,407,996.	0.	11,328.	

**Part IX Statement of Functional Expenses**

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A).

Check if Schedule O contains a response or note to any line in this Part IX

<i>Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII.</i>	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to domestic organizations and domestic governments. See Part IV, line 21				
2 Grants and other assistance to domestic individuals. See Part IV, line 22				
3 Grants and other assistance to foreign organizations, foreign governments, and foreign individuals. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	114,216.	91,108.	20,841.	2,267.
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	2,741,717.	2,504,655.	125,386.	111,676.
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)				
9 Other employee benefits	564,246.	518,992.	22,763.	22,491.
10 Payroll taxes	244,181.	223,150.	11,683.	9,348.
11 Fees for services (non-employees):				
a Management				
b Legal	81,681.	76,411.	2,063.	3,207.
c Accounting	19,171.	6,571.	12,600.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees				
g Other. (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)	244,937.	207,777.	26,729.	10,431.
12 Advertising and promotion	4,139.	3,028.	766.	345.
13 Office expenses	360,576.	287,436.	33,786.	39,354.
14 Information technology				
15 Royalties				
16 Occupancy	266,132.	240,506.	16,341.	9,285.
17 Travel	54,970.	54,332.	531.	107.
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings	15,511.	12,874.	2,555.	82.
20 Interest	5,235.		5,235.	
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	269,705.	269,437.	268.	
23 Insurance	45,978.	38,617.	7,233.	128.
24 Other expenses. Itemize expenses not covered above. (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a HOUSING SUBSIDIES	694,201.	694,201.		
b TENANT RELOCATION COSTS	10,693.	10,693.		
c				
d				
e All other expenses				
25 Total functional expenses. Add lines 1 through 24e	5,737,289.	5,239,788.	288,780.	208,721.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation.				

Check here  if following SOP 98-2 (ASC 958-720)

**Part X Balance Sheet**

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
<b>Assets</b>	<b>1</b> Cash - non-interest-bearing .....	3,577.	<b>1</b>	8,510.
	<b>2</b> Savings and temporary cash investments .....	136,681.	<b>2</b>	174,632.
	<b>3</b> Pledges and grants receivable, net .....	348,607.	<b>3</b>	288,317.
	<b>4</b> Accounts receivable, net .....	969,475.	<b>4</b>	885,551.
	<b>5</b> Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L .....		<b>5</b>	
	<b>6</b> Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L .....		<b>6</b>	
	<b>7</b> Notes and loans receivable, net .....	1,950,557.	<b>7</b>	1,975,557.
	<b>8</b> Inventories for sale or use .....		<b>8</b>	
	<b>9</b> Prepaid expenses and deferred charges .....	108,492.	<b>9</b>	161,046.
	<b>10a</b> Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D .....	<b>10a</b> 9,115,530.		
	<b>b</b> Less: accumulated depreciation .....	<b>10b</b> 3,338,010.	5,808,359.	<b>10c</b> 5,777,520.
	<b>11</b> Investments - publicly traded securities .....		<b>11</b>	
	<b>12</b> Investments - other securities. See Part IV, line 11 .....		<b>12</b>	
	<b>13</b> Investments - program-related. See Part IV, line 11 .....	213,985.	<b>13</b>	202,878.
	<b>14</b> Intangible assets .....	2,510.	<b>14</b>	2,939.
	<b>15</b> Other assets. See Part IV, line 11 .....		<b>15</b>	
<b>16 Total assets.</b> Add lines 1 through 15 (must equal line 34) .....	9,542,243.	<b>16</b>	9,476,950.	
<b>Liabilities</b>	<b>17</b> Accounts payable and accrued expenses .....	148,299.	<b>17</b>	197,698.
	<b>18</b> Grants payable .....		<b>18</b>	
	<b>19</b> Deferred revenue .....		<b>19</b>	
	<b>20</b> Tax-exempt bond liabilities .....		<b>20</b>	
	<b>21</b> Escrow or custodial account liability. Complete Part IV of Schedule D .....		<b>21</b>	
	<b>22</b> Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L .....		<b>22</b>	
	<b>23</b> Secured mortgages and notes payable to unrelated third parties .....	7,303,478.	<b>23</b>	7,709,863.
	<b>24</b> Unsecured notes and loans payable to unrelated third parties .....		<b>24</b>	
	<b>25</b> Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D .....	172,528.	<b>25</b>	188,745.
	<b>26 Total liabilities.</b> Add lines 17 through 25 .....	7,624,305.	<b>26</b>	8,096,306.
<b>Net Assets or Fund Balances</b>	<b>Organizations that follow SFAS 117 (ASC 958), check here</b> <input checked="" type="checkbox"/> <b>and complete lines 27 through 29, and lines 33 and 34.</b>			
	<b>27</b> Unrestricted net assets .....	1,869,102.	<b>27</b>	1,331,804.
	<b>28</b> Temporarily restricted net assets .....	3,836.	<b>28</b>	3,840.
	<b>29</b> Permanently restricted net assets .....	45,000.	<b>29</b>	45,000.
	<b>Organizations that do not follow SFAS 117 (ASC 958), check here</b> <input type="checkbox"/> <b>and complete lines 30 through 34.</b>			
	<b>30</b> Capital stock or trust principal, or current funds .....		<b>30</b>	
	<b>31</b> Paid-in or capital surplus, or land, building, or equipment fund .....		<b>31</b>	
	<b>32</b> Retained earnings, endowment, accumulated income, or other funds .....		<b>32</b>	
	<b>33</b> Total net assets or fund balances .....	1,917,938.	<b>33</b>	1,380,644.
	<b>34</b> Total liabilities and net assets/fund balances .....	9,542,243.	<b>34</b>	9,476,950.

**Part XI Reconciliation of Net Assets**

Check if Schedule O contains a response or note to any line in this Part XI

<b>1</b>	Total revenue (must equal Part VIII, column (A), line 12)	<b>1</b>	5,165,719.
<b>2</b>	Total expenses (must equal Part IX, column (A), line 25)	<b>2</b>	5,737,289.
<b>3</b>	Revenue less expenses. Subtract line 2 from line 1	<b>3</b>	-571,570.
<b>4</b>	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	<b>4</b>	1,917,938.
<b>5</b>	Net unrealized gains (losses) on investments	<b>5</b>	14,604.
<b>6</b>	Donated services and use of facilities	<b>6</b>	19,672.
<b>7</b>	Investment expenses	<b>7</b>	
<b>8</b>	Prior period adjustments	<b>8</b>	
<b>9</b>	Other changes in net assets or fund balances (explain in Schedule O)	<b>9</b>	0.
<b>10</b>	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	<b>10</b>	1,380,644.

**Part XII Financial Statements and Reporting**

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
<b>1</b>	Accounting method used to prepare the Form 990: <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O.		
<b>2a</b>	Were the organization's financial statements compiled or reviewed by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
<b>b</b>	Were the organization's financial statements audited by an independent accountant? _____ If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both: <input type="checkbox"/> Separate basis <input checked="" type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
<b>c</b>	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? _____ If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
<b>3a</b>	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133? _____	X	
<b>b</b>	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits _____	X	



**SCHEDULE A**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Public Charity Status and Public Support**

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.  
▶ Attach to Form 990 or Form 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

Open to Public  
Inspection

<b>Name of the organization</b> <b>AVALON NONPROFIT HOUSING CORPORATION</b>	<b>Employer identification number</b> <b>38-3086920</b>
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**Part I Reason for Public Charity Status** (All organizations must complete this part.) See instructions.

The organization is not a private foundation because it is: (For lines 1 through 12, check only one box.)

- 1  A church, convention of churches, or association of churches described in **section 170(b)(1)(A)(i)**.
- 2  A school described in **section 170(b)(1)(A)(ii)**. (Attach Schedule E (Form 990 or 990-EZ).)
- 3  A hospital or a cooperative hospital service organization described in **section 170(b)(1)(A)(iii)**.
- 4  A medical research organization operated in conjunction with a hospital described in **section 170(b)(1)(A)(iii)**. Enter the hospital's name, city, and state: \_\_\_\_\_
- 5  An organization operated for the benefit of a college or university owned or operated by a governmental unit described in **section 170(b)(1)(A)(iv)**. (Complete Part II.)
- 6  A federal, state, or local government or governmental unit described in **section 170(b)(1)(A)(v)**.
- 7  An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 8  A community trust described in **section 170(b)(1)(A)(vi)**. (Complete Part II.)
- 9  An agricultural research organization described in **section 170(b)(1)(A)(ix)** operated in conjunction with a land-grant college or university or a non-land-grant college of agriculture (see instructions). Enter the name, city, and state of the college or university: \_\_\_\_\_
- 10  An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See **section 509(a)(2)**. (Complete Part III.)
- 11  An organization organized and operated exclusively to test for public safety. See **section 509(a)(4)**.
- 12  An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in **section 509(a)(1)** or **section 509(a)(2)**. See **section 509(a)(3)**. Check the box in lines 12a through 12d that describes the type of supporting organization and complete lines 12e, 12f, and 12g.
  - a  **Type I.** A supporting organization operated, supervised, or controlled by its supported organization(s), typically by giving the supported organization(s) the power to regularly appoint or elect a majority of the directors or trustees of the supporting organization. **You must complete Part IV, Sections A and B.**
  - b  **Type II.** A supporting organization supervised or controlled in connection with its supported organization(s), by having control or management of the supporting organization vested in the same persons that control or manage the supported organization(s). **You must complete Part IV, Sections A and C.**
  - c  **Type III functionally integrated.** A supporting organization operated in connection with, and functionally integrated with, its supported organization(s) (see instructions). **You must complete Part IV, Sections A, D, and E.**
  - d  **Type III non-functionally integrated.** A supporting organization operated in connection with its supported organization(s) that is not functionally integrated. The organization generally must satisfy a distribution requirement and an attentiveness requirement (see instructions). **You must complete Part IV, Sections A and D, and Part V.**
  - e  Check this box if the organization received a written determination from the IRS that it is a Type I, Type II, Type III functionally integrated, or Type III non-functionally integrated supporting organization.
  - f Enter the number of supported organizations .....
  - g Provide the following information about the supported organization(s).

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-10 above (see instructions))	(iv) Is the organization listed in your governing document?		(v) Amount of monetary support (see instructions)	(vi) Amount of other support (see instructions)
			Yes	No		
<b>Total</b>						

**Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)**

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....						
<b>2</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>3</b> The value of services or facilities furnished by a governmental unit to the organization without charge ...						
<b>4 Total.</b> Add lines 1 through 3 .....						
<b>5</b> The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f) .....						
<b>6 Public support.</b> Subtract line 5 from line 4.						

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ►	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>7</b> Amounts from line 4 .....						
<b>8</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources ...						
<b>9</b> Net income from unrelated business activities, whether or not the business is regularly carried on ...						
<b>10</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....						
<b>11 Total support.</b> Add lines 7 through 10						
<b>12</b> Gross receipts from related activities, etc. (see instructions) .....					12	
<b>13 First five years.</b> If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and <b>stop here</b> .....						<input type="checkbox"/>

**Section C. Computation of Public Support Percentage**

<b>14</b> Public support percentage for 2017 (line 6, column (f) divided by line 11, column (f)) .....	14	%
<b>15</b> Public support percentage from 2016 Schedule A, Part II, line 14 .....	15	%
<b>16a 33 1/3% support test - 2017.</b> If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 33 1/3% support test - 2016.</b> If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and <b>stop here.</b> The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>17a 10% -facts-and-circumstances test - 2017.</b> If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>b 10% -facts-and-circumstances test - 2016.</b> If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and <b>stop here.</b> Explain in Part VI how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization .....		<input type="checkbox"/>
<b>18 Private foundation.</b> If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions .....		<input type="checkbox"/>

**Part III Support Schedule for Organizations Described in Section 509(a)(2)**

(Complete only if you checked the box on line 10 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

**Section A. Public Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>1</b> Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.") .....	1028366.	1013786.	2244148.	3364975.	3764135.	11415410.
<b>2</b> Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose .....	1552179.	743,168.	942,031.	1702426.	1407996.	6347800.
<b>3</b> Gross receipts from activities that are not an unrelated trade or business under section 513 .....						
<b>4</b> Tax revenues levied for the organization's benefit and either paid to or expended on its behalf .....						
<b>5</b> The value of services or facilities furnished by a governmental unit to the organization without charge .....						
<b>6 Total.</b> Add lines 1 through 5 .....	2580545.	1756954.	3186179.	5067401.	5172131.	17763210.
<b>7a</b> Amounts included on lines 1, 2, and 3 received from disqualified persons .....						0.
<b>b</b> Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year .....						0.
<b>c</b> Add lines 7a and 7b .....						0.
<b>8 Public support.</b> (Subtract line 7c from line 6.)						17763210.

**Section B. Total Support**

Calendar year (or fiscal year beginning in) ▶	(a) 2013	(b) 2014	(c) 2015	(d) 2016	(e) 2017	(f) Total
<b>9</b> Amounts from line 6 .....	2580545.	1756954.	3186179.	5067401.	5172131.	17763210.
<b>10a</b> Gross income from interest, dividends, payments received on securities loans, rents, royalties, and income from similar sources .....	3,024.	3,244.	4,840.	5,042.	39,076.	55,226.
<b>b</b> Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975 .....						
<b>c</b> Add lines 10a and 10b .....	3,024.	3,244.	4,840.	5,042.	39,076.	55,226.
<b>11</b> Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on .....						
<b>12</b> Other income. Do not include gain or loss from the sale of capital assets (Explain in Part VI.) .....	4,900.	12,338.	4,134.	4,425.	3,602.	29,399.
<b>13 Total support.</b> (Add lines 9, 10c, 11, and 12.)	2588469.	1772536.	3195153.	5076868.	5214809.	17847835.

**14 First five years.** If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and **stop here** .....

**Section C. Computation of Public Support Percentage**

<b>15</b> Public support percentage for 2017 (line 8, column (f) divided by line 13, column (f)) .....	15	99.53 %
<b>16</b> Public support percentage from 2016 Schedule A, Part III, line 15 .....	16	99.50 %

**Section D. Computation of Investment Income Percentage**

<b>17</b> Investment income percentage for 2017 (line 10c, column (f) divided by line 13, column (f)) .....	17	.31 %
<b>18</b> Investment income percentage from 2016 Schedule A, Part III, line 17 .....	18	.13 %

**19a 33 1/3% support tests - 2017.** If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization .....

**b 33 1/3% support tests - 2016.** If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and **stop here**. The organization qualifies as a publicly supported organization .....

**20 Private foundation.** If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions .....

**Part IV Supporting Organizations**

(Complete only if you checked a box in line 12 on Part I. If you checked 12a of Part I, complete Sections A and B. If you checked 12b of Part I, complete Sections A and C. If you checked 12c of Part I, complete Sections A, D, and E. If you checked 12d of Part I, complete Sections A and D, and complete Part V.)

**Section A. All Supporting Organizations**

	Yes	No
<b>1</b> Are all of the organization's supported organizations listed by name in the organization's governing documents? <i>If "No," describe in Part VI how the supported organizations are designated. If designated by class or purpose, describe the designation. If historic and continuing relationship, explain.</i>		
<b>2</b> Did the organization have any supported organization that does not have an IRS determination of status under section 509(a)(1) or (2)? <i>If "Yes," explain in Part VI how the organization determined that the supported organization was described in section 509(a)(1) or (2).</i>		
<b>3a</b> Did the organization have a supported organization described in section 501(c)(4), (5), or (6)? <i>If "Yes," answer (b) and (c) below.</i>		
<b>b</b> Did the organization confirm that each supported organization qualified under section 501(c)(4), (5), or (6) and satisfied the public support tests under section 509(a)(2)? <i>If "Yes," describe in Part VI when and how the organization made the determination.</i>		
<b>c</b> Did the organization ensure that all support to such organizations was used exclusively for section 170(c)(2)(B) purposes? <i>If "Yes," explain in Part VI what controls the organization put in place to ensure such use.</i>		
<b>4a</b> Was any supported organization not organized in the United States ("foreign supported organization")? <i>If "Yes," and if you checked 12a or 12b in Part I, answer (b) and (c) below.</i>		
<b>b</b> Did the organization have ultimate control and discretion in deciding whether to make grants to the foreign supported organization? <i>If "Yes," describe in Part VI how the organization had such control and discretion despite being controlled or supervised by or in connection with its supported organizations.</i>		
<b>c</b> Did the organization support any foreign supported organization that does not have an IRS determination under sections 501(c)(3) and 509(a)(1) or (2)? <i>If "Yes," explain in Part VI what controls the organization used to ensure that all support to the foreign supported organization was used exclusively for section 170(c)(2)(B) purposes.</i>		
<b>5a</b> Did the organization add, substitute, or remove any supported organizations during the tax year? <i>If "Yes," answer (b) and (c) below (if applicable). Also, provide detail in Part VI, including (i) the names and EIN numbers of the supported organizations added, substituted, or removed; (ii) the reasons for each such action; (iii) the authority under the organization's organizing document authorizing such action; and (iv) how the action was accomplished (such as by amendment to the organizing document).</i>		
<b>b</b> <b>Type I or Type II only.</b> Was any added or substituted supported organization part of a class already designated in the organization's organizing document?		
<b>c</b> <b>Substitutions only.</b> Was the substitution the result of an event beyond the organization's control?		
<b>6</b> Did the organization provide support (whether in the form of grants or the provision of services or facilities) to anyone other than (i) its supported organizations, (ii) individuals that are part of the charitable class benefited by one or more of its supported organizations, or (iii) other supporting organizations that also support or benefit one or more of the filing organization's supported organizations? <i>If "Yes," provide detail in Part VI.</i>		
<b>7</b> Did the organization provide a grant, loan, compensation, or other similar payment to a substantial contributor (defined in section 4958(c)(3)(C)), a family member of a substantial contributor, or a 35% controlled entity with regard to a substantial contributor? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
<b>8</b> Did the organization make a loan to a disqualified person (as defined in section 4958) not described in line 7? <i>If "Yes," complete Part I of Schedule L (Form 990 or 990-EZ).</i>		
<b>9a</b> Was the organization controlled directly or indirectly at any time during the tax year by one or more disqualified persons as defined in section 4946 (other than foundation managers and organizations described in section 509(a)(1) or (2))? <i>If "Yes," provide detail in Part VI.</i>		
<b>b</b> Did one or more disqualified persons (as defined in line 9a) hold a controlling interest in any entity in which the supporting organization had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>c</b> Did a disqualified person (as defined in line 9a) have an ownership interest in, or derive any personal benefit from, assets in which the supporting organization also had an interest? <i>If "Yes," provide detail in Part VI.</i>		
<b>10a</b> Was the organization subject to the excess business holdings rules of section 4943 because of section 4943(f) (regarding certain Type II supporting organizations, and all Type III non-functionally integrated supporting organizations)? <i>If "Yes," answer 10b below.</i>		
<b>b</b> Did the organization have any excess business holdings in the tax year? <i>(Use Schedule C, Form 4720, to determine whether the organization had excess business holdings.)</i>		

**Part IV Supporting Organizations** (continued)

	Yes	No
<b>11</b> Has the organization accepted a gift or contribution from any of the following persons?		
<b>a</b> A person who directly or indirectly controls, either alone or together with persons described in (b) and (c) below, the governing body of a supported organization?		
<b>b</b> A family member of a person described in (a) above?		
<b>c</b> A 35% controlled entity of a person described in (a) or (b) above? If "Yes" to a, b, or c, provide detail in <b>Part VI</b> .		

**Section B. Type I Supporting Organizations**

	Yes	No
<b>1</b> Did the directors, trustees, or membership of one or more supported organizations have the power to regularly appoint or elect at least a majority of the organization's directors or trustees at all times during the tax year? If "No," describe in <b>Part VI</b> how the supported organization(s) effectively operated, supervised, or controlled the organization's activities. If the organization had more than one supported organization, describe how the powers to appoint and/or remove directors or trustees were allocated among the supported organizations and what conditions or restrictions, if any, applied to such powers during the tax year.		
<b>2</b> Did the organization operate for the benefit of any supported organization other than the supported organization(s) that operated, supervised, or controlled the supporting organization? If "Yes," explain in <b>Part VI</b> how providing such benefit carried out the purposes of the supported organization(s) that operated, supervised, or controlled the supporting organization.		

**Section C. Type II Supporting Organizations**

	Yes	No
<b>1</b> Were a majority of the organization's directors or trustees during the tax year also a majority of the directors or trustees of each of the organization's supported organization(s)? If "No," describe in <b>Part VI</b> how control or management of the supporting organization was vested in the same persons that controlled or managed the supported organization(s).		

**Section D. All Type III Supporting Organizations**

	Yes	No
<b>1</b> Did the organization provide to each of its supported organizations, by the last day of the fifth month of the organization's tax year, (i) a written notice describing the type and amount of support provided during the prior tax year, (ii) a copy of the Form 990 that was most recently filed as of the date of notification, and (iii) copies of the organization's governing documents in effect on the date of notification, to the extent not previously provided?		
<b>2</b> Were any of the organization's officers, directors, or trustees either (i) appointed or elected by the supported organization(s) or (ii) serving on the governing body of a supported organization? If "No," explain in <b>Part VI</b> how the organization maintained a close and continuous working relationship with the supported organization(s).		
<b>3</b> By reason of the relationship described in (2), did the organization's supported organizations have a significant voice in the organization's investment policies and in directing the use of the organization's income or assets at all times during the tax year? If "Yes," describe in <b>Part VI</b> the role the organization's supported organizations played in this regard.		

**Section E. Type III Functionally Integrated Supporting Organizations**

<b>1</b> Check the box next to the method that the organization used to satisfy the Integral Part Test during the year (see instructions).			
<b>a</b> <input type="checkbox"/> The organization satisfied the Activities Test. Complete <b>line 2</b> below.			
<b>b</b> <input type="checkbox"/> The organization is the parent of each of its supported organizations. Complete <b>line 3</b> below.			
<b>c</b> <input type="checkbox"/> The organization supported a governmental entity. Describe in <b>Part VI</b> how you supported a government entity (see instructions).			
<b>2</b> Activities Test. Answer (a) and (b) below.		Yes	No
<b>a</b> Did substantially all of the organization's activities during the tax year directly further the exempt purposes of the supported organization(s) to which the organization was responsive? If "Yes," then in <b>Part VI</b> identify those supported organizations and explain how these activities directly furthered their exempt purposes, how the organization was responsive to those supported organizations, and how the organization determined that these activities constituted substantially all of its activities.			
<b>b</b> Did the activities described in (a) constitute activities that, but for the organization's involvement, one or more of the organization's supported organization(s) would have been engaged in? If "Yes," explain in <b>Part VI</b> the reasons for the organization's position that its supported organization(s) would have engaged in these activities but for the organization's involvement.			
<b>3</b> Parent of Supported Organizations. Answer (a) and (b) below.			
<b>a</b> Did the organization have the power to regularly appoint or elect a majority of the officers, directors, or trustees of each of the supported organizations? Provide details in <b>Part VI</b> .			
<b>b</b> Did the organization exercise a substantial degree of direction over the policies, programs, and activities of each of its supported organizations? If "Yes," describe in <b>Part VI</b> the role played by the organization in this regard.			

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations**

1  Check here if the organization satisfied the Integral Part Test as a qualifying trust on Nov. 20, 1970 (explain in Part VI.) **See instructions.** All other Type III non-functionally integrated supporting organizations must complete Sections A through E.

<b>Section A - Adjusted Net Income</b>		(A) Prior Year	(B) Current Year (optional)
1	Net short-term capital gain	1	
2	Recoveries of prior-year distributions	2	
3	Other gross income (see instructions)	3	
4	Add lines 1 through 3	4	
5	Depreciation and depletion	5	
6	Portion of operating expenses paid or incurred for production or collection of gross income or for management, conservation, or maintenance of property held for production of income (see instructions)	6	
7	Other expenses (see instructions)	7	
8	<b>Adjusted Net Income</b> (subtract lines 5, 6, and 7 from line 4)	8	

<b>Section B - Minimum Asset Amount</b>		(A) Prior Year	(B) Current Year (optional)
1	Aggregate fair market value of all non-exempt-use assets (see instructions for short tax year or assets held for part of year):		
a	Average monthly value of securities	1a	
b	Average monthly cash balances	1b	
c	Fair market value of other non-exempt-use assets	1c	
d	<b>Total</b> (add lines 1a, 1b, and 1c)	1d	
e	<b>Discount</b> claimed for blockage or other factors (explain in detail in <b>Part VI</b> ):		
2	Acquisition indebtedness applicable to non-exempt-use assets	2	
3	Subtract line 2 from line 1d	3	
4	Cash deemed held for exempt use. Enter 1-1/2% of line 3 (for greater amount, see instructions)	4	
5	Net value of non-exempt-use assets (subtract line 4 from line 3)	5	
6	Multiply line 5 by .035	6	
7	Recoveries of prior-year distributions	7	
8	<b>Minimum Asset Amount</b> (add line 7 to line 6)	8	

<b>Section C - Distributable Amount</b>		(A) Prior Year	Current Year
1	Adjusted net income for prior year (from Section A, line 8, Column A)	1	
2	Enter 85% of line 1	2	
3	Minimum asset amount for prior year (from Section B, line 8, Column A)	3	
4	Enter greater of line 2 or line 3	4	
5	Income tax imposed in prior year	5	
6	<b>Distributable Amount.</b> Subtract line 5 from line 4, unless subject to emergency temporary reduction (see instructions)	6	
7	<input type="checkbox"/> Check here if the current year is the organization's first as a non-functionally integrated Type III supporting organization (see instructions).		

**Part V Type III Non-Functionally Integrated 509(a)(3) Supporting Organizations** (continued)

<b>Section D - Distributions</b>	<b>Current Year</b>
<b>1</b> Amounts paid to supported organizations to accomplish exempt purposes	
<b>2</b> Amounts paid to perform activity that directly furthers exempt purposes of supported organizations, in excess of income from activity	
<b>3</b> Administrative expenses paid to accomplish exempt purposes of supported organizations	
<b>4</b> Amounts paid to acquire exempt-use assets	
<b>5</b> Qualified set-aside amounts (prior IRS approval required)	
<b>6</b> Other distributions (describe in <b>Part VI</b> ). See instructions.	
<b>7 Total annual distributions.</b> Add lines 1 through 6.	
<b>8</b> Distributions to attentive supported organizations to which the organization is responsive (provide details in <b>Part VI</b> ). See instructions.	
<b>9</b> Distributable amount for 2017 from Section C, line 6	
<b>10</b> Line 8 amount divided by line 9 amount	

<b>Section E - Distribution Allocations (see instructions)</b>	<b>(i) Excess Distributions</b>	<b>(ii) Underdistributions Pre-2017</b>	<b>(iii) Distributable Amount for 2017</b>
<b>1</b> Distributable amount for 2017 from Section C, line 6			
<b>2</b> Underdistributions, if any, for years prior to 2017 (reasonable cause required- explain in <b>Part VI</b> ). See instructions.			
<b>3</b> Excess distributions carryover, if any, to 2017			
<b>a</b>			
<b>b</b> From 2013			
<b>c</b> From 2014			
<b>d</b> From 2015			
<b>e</b> From 2016			
<b>f Total</b> of lines 3a through e			
<b>g</b> Applied to underdistributions of prior years			
<b>h</b> Applied to 2017 distributable amount			
<b>i</b> Carryover from 2012 not applied (see instructions)			
<b>j</b> Remainder. Subtract lines 3g, 3h, and 3i from 3f.			
<b>4</b> Distributions for 2017 from Section D, line 7: \$			
<b>a</b> Applied to underdistributions of prior years			
<b>b</b> Applied to 2017 distributable amount			
<b>c</b> Remainder. Subtract lines 4a and 4b from 4.			
<b>5</b> Remaining underdistributions for years prior to 2017, if any. Subtract lines 3g and 4a from line 2. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>6</b> Remaining underdistributions for 2017. Subtract lines 3h and 4b from line 1. For result greater than zero, explain in <b>Part VI</b> . See instructions.			
<b>7 Excess distributions carryover to 2018.</b> Add lines 3j and 4c.			
<b>8</b> Breakdown of line 7:			
<b>a</b> Excess from 2013			
<b>b</b> Excess from 2014			
<b>c</b> Excess from 2015			
<b>d</b> Excess from 2016			
<b>e</b> Excess from 2017			





**Schedule B**

(Form 990, 990-EZ, or 990-PF)

Department of the Treasury  
Internal Revenue Service

**Schedule of Contributors**

▶ Attach to Form 990, Form 990-EZ, or Form 990-PF.  
▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

Name of the organization

AVALON NONPROFIT HOUSING CORPORATION

Employer identification number

38-3086920

Organization type (check one):

Filers of:

Section:

Form 990 or 990-EZ

501(c)( 3 ) (enter number) organization

4947(a)(1) nonexempt charitable trust **not** treated as a private foundation

527 political organization

Form 990-PF

501(c)(3) exempt private foundation

4947(a)(1) nonexempt charitable trust treated as a private foundation

501(c)(3) taxable private foundation

Check if your organization is covered by the **General Rule** or a **Special Rule**.

**Note:** Only a section 501(c)(7), (8), or (10) organization can check boxes for both the General Rule and a Special Rule. See instructions.

**General Rule**

For an organization filing Form 990, 990-EZ, or 990-PF that received, during the year, contributions totaling \$5,000 or more (in money or property) from any one contributor. Complete Parts I and II. See instructions for determining a contributor's total contributions.

**Special Rules**

For an organization described in section 501(c)(3) filing Form 990 or 990-EZ that met the 33 1/3% support test of the regulations under sections 509(a)(1) and 170(b)(1)(A)(vi), that checked Schedule A (Form 990 or 990-EZ), Part II, line 13, 16a, or 16b, and that received from any one contributor, during the year, total contributions of the greater of (1) \$5,000; or (2) 2% of the amount on (i) Form 990, Part VIII, line 1h; or (ii) Form 990-EZ, line 1. Complete Parts I and II.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, total contributions of more than \$1,000 *exclusively* for religious, charitable, scientific, literary, or educational purposes, or for the prevention of cruelty to children or animals. Complete Parts I, II, and III.

For an organization described in section 501(c)(7), (8), or (10) filing Form 990 or 990-EZ that received from any one contributor, during the year, contributions *exclusively* for religious, charitable, etc., purposes, but no such contributions totaled more than \$1,000. If this box is checked, enter here the total contributions that were received during the year for an *exclusively* religious, charitable, etc., purpose. Don't complete any of the parts unless the **General Rule** applies to this organization because it received *nonexclusively* religious, charitable, etc., contributions totaling \$5,000 or more during the year ..... ▶ \$ \_\_\_\_\_

**Caution:** An organization that isn't covered by the General Rule and/or the Special Rules doesn't file Schedule B (Form 990, 990-EZ, or 990-PF), but it **must** answer "No" on Part IV, line 2, of its Form 990; or check the box on line H of its Form 990-EZ or on its Form 990-PF, Part I, line 2, to certify that it doesn't meet the filing requirements of Schedule B (Form 990, 990-EZ, or 990-PF).

LHA For Paperwork Reduction Act Notice, see the instructions for Form 990, 990-EZ, or 990-PF. Schedule B (Form 990, 990-EZ, or 990-PF) (2017)

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
1	<hr/> <hr/> <hr/>	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
2	<hr/> <hr/> <hr/>	\$ 7,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
3	<hr/> <hr/> <hr/>	\$ 25,419.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)
4	<hr/> <hr/> <hr/>	\$ 5,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
5	<hr/> <hr/> <hr/>	\$ 20,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
6	<hr/> <hr/> <hr/>	\$ 5,120.	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
7	_____ _____ _____	\$ <u>5,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
8	_____ _____ _____	\$ <u>25,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
9	_____ _____ _____	\$ <u>8,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
10	_____ _____ _____	\$ <u>7,209.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
11	_____ _____ _____	\$ <u>5,000.</u>	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
12	_____ _____ _____	\$ <u>4,519.</u>	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input checked="" type="checkbox"/> (Complete Part II for noncash contributions.)

<b>Name of organization</b>  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	<b>Employer identification number</b>  <b>38-3086920</b>
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**Part I Contributors** (see instructions). Use duplicate copies of Part I if additional space is needed.

(a) No.	(b) Name, address, and ZIP + 4	(c) Total contributions	(d) Type of contribution
13	<hr/> <hr/> <hr/>	\$ 500.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
14	<hr/> <hr/> <hr/>	\$ 21,383.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
15	<hr/> <hr/> <hr/>	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
16	<hr/> <hr/> <hr/>	\$ 10,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
17	<hr/> <hr/> <hr/>	\$ 8,000.	Person <input checked="" type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)
<hr/> <hr/> <hr/>	<hr/> <hr/> <hr/>	\$ _____	Person <input type="checkbox"/> Payroll <input type="checkbox"/> Noncash <input type="checkbox"/> (Complete Part II for noncash contributions.)

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part II Noncash Property** (see instructions). Use duplicate copies of Part II if additional space is needed.

(a) No. from Part I	(b) Description of noncash property given	(c) FMV (or estimate) (See instructions.)	(d) Date received
3	STOCK DONATION _____ _____ _____	\$ 25,419.	06/07/17
6	STOCK DONATION _____ _____ _____	\$ 5,120.	05/09/17
12	STOCK DONATION _____ _____ _____	\$ 4,519.	11/29/17
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____
	_____ _____ _____	\$ _____	_____

Name of organization  <b>AVALON NONPROFIT HOUSING CORPORATION</b>	Employer identification number  <b>38-3086920</b>
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**Part III** Exclusively religious, charitable, etc., contributions to organizations described in section 501(c)(7), (8), or (10) that total more than \$1,000 for the year from any one contributor. Complete columns (a) through (e) and the following line entry. For organizations completing Part III, enter the total of exclusively religious, charitable, etc., contributions of \$1,000 or less for the year. (Enter this info. once.) ▶ \$ \_\_\_\_\_  
 Use duplicate copies of Part III if additional space is needed.

(a) No. from Part I	(b) Purpose of gift	(c) Use of gift	(d) Description of how gift is held
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	
<b>(e) Transfer of gift</b>			
Transferee's name, address, and ZIP + 4		Relationship of transferor to transferee	

**SCHEDULE D**  
**(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Financial Statements**

▶ **Complete if the organization answered "Yes" on Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.**

▶ **Attach to Form 990.**

▶ **Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.**

OMB No. 1545-0047

**2017**

**Open to Public Inspection**

Name of the organization **AVALON NONPROFIT HOUSING CORPORATION** Employer identification number **38-3086920**

**Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts.** Complete if the organization answered "Yes" on Form 990, Part IV, line 6.

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year .....		
2 Aggregate value of contributions to (during year) .....		
3 Aggregate value of grants from (during year) .....		
4 Aggregate value at end of year .....		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit? .....		<input type="checkbox"/> Yes <input type="checkbox"/> No

**Part II Conservation Easements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 7.

1 Purpose(s) of conservation easements held by the organization (check all that apply).

Preservation of land for public use (e.g., recreation or education)       Preservation of a historically important land area

Protection of natural habitat       Preservation of a certified historic structure

Preservation of open space

2 Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year.

	Held at the End of the Tax Year
a Total number of conservation easements .....	2a
b Total acreage restricted by conservation easements .....	2b
c Number of conservation easements on a certified historic structure included in (a) .....	2c
d Number of conservation easements included in (c) acquired after 7/25/06, and not on a historic structure listed in the National Register .....	2d

3 Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ \_\_\_\_\_

4 Number of states where property subject to conservation easement is located ▶ \_\_\_\_\_

5 Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? .....

Yes  No

6 Staff and volunteer hours devoted to monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \_\_\_\_\_

7 Amount of expenses incurred in monitoring, inspecting, handling of violations, and enforcing conservation easements during the year ▶ \$ \_\_\_\_\_

8 Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? .....

Yes  No

9 In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements.

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 8.

1a If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.

b If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items:

(i) Revenue included on Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

(ii) Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

2 If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenue included on Form 990, Part VIII, line 1 .....

▶ \$ \_\_\_\_\_

b Assets included in Form 990, Part X .....

▶ \$ \_\_\_\_\_

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule D (Form 990) 2017

**Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets** *(continued)*

**3** Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply):

- a  Public exhibition
- b  Scholarly research
- c  Preservation for future generations
- d  Loan or exchange programs
- e  Other \_\_\_\_\_

**4** Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII.

**5** During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection?  Yes  No

**Part IV Escrow and Custodial Arrangements.** Complete if the organization answered "Yes" on Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

**1a** Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X?  Yes  No

**b** If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
<b>c</b> Beginning balance .....	<b>1c</b>
<b>d</b> Additions during the year .....	<b>1d</b>
<b>e</b> Distributions during the year .....	<b>1e</b>
<b>f</b> Ending balance .....	<b>1f</b>

**2a** Did the organization include an amount on Form 990, Part X, line 21, for escrow or custodial account liability?  Yes  No

**b** If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided on Part XIII

**Part V Endowment Funds.** Complete if the organization answered "Yes" on Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
<b>1a</b> Beginning of year balance .....					
<b>b</b> Contributions .....					
<b>c</b> Net investment earnings, gains, and losses .....					
<b>d</b> Grants or scholarships .....					
<b>e</b> Other expenditures for facilities and programs .....					
<b>f</b> Administrative expenses .....					
<b>g</b> End of year balance .....					

**2** Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a** Board designated or quasi-endowment ▶ \_\_\_\_\_ %
- b** Permanent endowment ▶ \_\_\_\_\_ %
- c** Temporarily restricted endowment ▶ \_\_\_\_\_ %

The percentages on lines 2a, 2b, and 2c should equal 100%.

**3a** Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

	Yes	No
<b>(i)</b> unrelated organizations .....	<b>3a(i)</b>	
<b>(ii)</b> related organizations .....	<b>3a(ii)</b>	
<b>b</b> If "Yes" on line 3a(ii), are the related organizations listed as required on Schedule R? .....	<b>3b</b>	

**4** Describe in Part XIII the intended uses of the organization's endowment funds.

**Part VI Land, Buildings, and Equipment.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11a. See Form 990, Part X, line 10.

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
<b>1a</b> Land .....		391,800.		391,800.
<b>b</b> Buildings .....		6,894,759.	2,897,185.	3,997,574.
<b>c</b> Leasehold improvements .....		1,314,937.	232,538.	1,082,399.
<b>d</b> Equipment .....		155,410.	151,891.	3,519.
<b>e</b> Other .....		358,624.	56,396.	302,228.
<b>Total.</b> Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10c.) .....				5,777,520.



**Part VII Investments - Other Securities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11b. See Form 990, Part X, line 12.

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives .....		
(2) Closely-held equity interests .....		
(3) Other .....		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 12.) ▶		

**Part VIII Investments - Program Related.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11c. See Form 990, Part X, line 13.

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
<b>Total.</b> (Col. (b) must equal Form 990, Part X, col. (B) line 13.) ▶		

**Part IX Other Assets.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1)	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 15.) ▶	

**Part X Other Liabilities.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25.

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2) SECURITY DEPOSITS PAYABLE	40,654.
(3) PREPAID RENT	3,315.
(4) DEFERRED REVENUE	144,776.
(5)	
(6)	
(7)	
(8)	
(9)	
<b>Total.</b> (Column (b) must equal Form 990, Part X, col. (B) line 25.) ▶	188,745.

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**Part XI Reconciliation of Revenue per Audited Financial Statements With Revenue per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total revenue, gains, and other support per audited financial statements		<b>1</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part VIII, line 12:		
<b>a</b>	Net unrealized gains (losses) on investments	<b>2a</b>	
<b>b</b>	Donated services and use of facilities	<b>2b</b>	
<b>c</b>	Recoveries of prior year grants	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>
<b>4</b>	Amounts included on Form 990, Part VIII, line 12, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>
<b>5</b>	Total revenue. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 12.)		<b>5</b>

**Part XII Reconciliation of Expenses per Audited Financial Statements With Expenses per Return.**

Complete if the organization answered "Yes" on Form 990, Part IV, line 12a.

<b>1</b>	Total expenses and losses per audited financial statements		<b>1</b>
<b>2</b>	Amounts included on line 1 but not on Form 990, Part IX, line 25:		
<b>a</b>	Donated services and use of facilities	<b>2a</b>	
<b>b</b>	Prior year adjustments	<b>2b</b>	
<b>c</b>	Other losses	<b>2c</b>	
<b>d</b>	Other (Describe in Part XIII.)	<b>2d</b>	
<b>e</b>	Add lines <b>2a</b> through <b>2d</b>		<b>2e</b>
<b>3</b>	Subtract line <b>2e</b> from line <b>1</b>		<b>3</b>
<b>4</b>	Amounts included on Form 990, Part IX, line 25, but not on line 1:		
<b>a</b>	Investment expenses not included on Form 990, Part VIII, line 7b	<b>4a</b>	
<b>b</b>	Other (Describe in Part XIII.)	<b>4b</b>	
<b>c</b>	Add lines <b>4a</b> and <b>4b</b>		<b>4c</b>
<b>5</b>	Total expenses. Add lines <b>3</b> and <b>4c</b> . (This must equal Form 990, Part I, line 18.)		<b>5</b>

**Part XIII Supplemental Information.**

Provide the descriptions required for Part II, lines 3, 5, and 9; Part III, lines 1a and 4; Part IV, lines 1b and 2b; Part V, line 4; Part X, line 2; Part XI, lines 2d and 4b; and Part XII, lines 2d and 4b. Also complete this part to provide any additional information.

**PART X, LINE 2:**

THE ORGANIZATION IS EXEMPT FROM INCOME TAX UNDER PROVISIONS OF INTERNAL REVENUE CODE SECTION 501(C)(3). NO PROVISION HAS BEEN MADE IN THE FINANCIAL STATEMENTS FOR INCOME TAXES FOR THE PARTNERSHIP BECAUSE, AS A PARTNERSHIP, ALL INCOME AND EXPENSES ARE ALLOCATED TO THE PARTNERS FOR INCLUSION ON THEIR RESPECTIVE INCOME TAX RETURNS. MANAGEMENT HAS ANALYZED THE TAX POSITIONS OF THE ORGANIZATION AND HAS CONCLUDED THAT AS OF DECEMBER 31, 2017, THERE ARE NO UNCERTAIN TAX POSITIONS TAKEN OR EXPECTED TO BE TAKEN THAT WOULD REQUIRE RECOGNITION OF A LIABILITY OR DISCLOSURE IN THE CONSOLIDATED FINANCIAL STATEMENTS. MANAGEMENT BELIEVES THAT IT WOULD NOT BE SUBJECT TO ANY INCOME TAX EXAMINATIONS FOR YEARS PRIOR TO 2014.





**Part II Fundraising Events.** Complete if the organization answered "Yes" on Form 990, Part IV, line 18, or reported more than \$15,000 of fundraising event contributions and gross income on Form 990-EZ, lines 1 and 6b. List events with gross receipts greater than \$5,000.

		(a) Event #1	(b) Event #2	(c) Other events	(d) Total events (add col. (a) through col. (c))
		HOME FOR GOOD EVENT		NONE	
		(event type)	(event type)	(total number)	
Revenue	<b>1</b> Gross receipts .....	182,028.			182,028.
	<b>2</b> Less: Contributions .....	164,288.			164,288.
	<b>3</b> Gross income (line 1 minus line 2) .....	17,740.			17,740.
Direct Expenses	<b>4</b> Cash prizes .....				
	<b>5</b> Noncash prizes .....				
	<b>6</b> Rent/facility costs .....	14,964.			14,964.
	<b>7</b> Food and beverages .....	12,880.			12,880.
	<b>8</b> Entertainment .....	2,000.			2,000.
	<b>9</b> Other direct expenses .....	19,246.			19,246.
	<b>10</b> Direct expense summary. Add lines 4 through 9 in column (d) .....				49,090.
<b>11</b> Net income summary. Subtract line 10 from line 3, column (d) .....				-31,350.	

**Part III Gaming.** Complete if the organization answered "Yes" on Form 990, Part IV, line 19, or reported more than \$15,000 on Form 990-EZ, line 6a.

		(a) Bingo	(b) Pull tabs/instant bingo/progressive bingo	(c) Other gaming	(d) Total gaming (add col. (a) through col. (c))
Revenue	<b>1</b> Gross revenue .....				
Direct Expenses	<b>2</b> Cash prizes .....				
	<b>3</b> Noncash prizes .....				
	<b>4</b> Rent/facility costs .....				
	<b>5</b> Other direct expenses .....				
	<b>6</b> Volunteer labor .....	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	<input type="checkbox"/> Yes _____ % <input type="checkbox"/> No	
	<b>7</b> Direct expense summary. Add lines 2 through 5 in column (d) .....				
	<b>8</b> Net gaming income summary. Subtract line 7 from line 1, column (d) .....				

**9** Enter the state(s) in which the organization conducts gaming activities: \_\_\_\_\_  
**a** Is the organization licensed to conduct gaming activities in each of these states?  Yes  No  
**b** If "No," explain: \_\_\_\_\_

**10a** Were any of the organization's gaming licenses revoked, suspended, or terminated during the tax year?  Yes  No  
**b** If "Yes," explain: \_\_\_\_\_

- 11** Does the organization conduct gaming activities with nonmembers?  Yes  No
- 12** Is the organization a grantor, beneficiary or trustee of a trust, or a member of a partnership or other entity formed to administer charitable gaming?  Yes  No
- 13** Indicate the percentage of gaming activity conducted in:
- |                                      |            |   |
|--------------------------------------|------------|---|
| <b>a</b> The organization's facility | <b>13a</b> | % |
| <b>b</b> An outside facility         | <b>13b</b> | % |
- 14** Enter the name and address of the person who prepares the organization's gaming/special events books and records:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

- 15a** Does the organization have a contract with a third party from whom the organization receives gaming revenue?  Yes  No
- b** If "Yes," enter the amount of gaming revenue received by the organization ▶ \$ \_\_\_\_\_ and the amount of gaming revenue retained by the third party ▶ \$ \_\_\_\_\_
- c** If "Yes," enter name and address of the third party:

Name ▶ \_\_\_\_\_

Address ▶ \_\_\_\_\_

**16** Gaming manager information:

Name ▶ \_\_\_\_\_

Gaming manager compensation ▶ \$ \_\_\_\_\_

Description of services provided ▶ \_\_\_\_\_

\_\_\_\_\_

Director/officer       Employee       Independent contractor

**17** Mandatory distributions:

- a** Is the organization required under state law to make charitable distributions from the gaming proceeds to retain the state gaming license?  Yes  No
- b** Enter the amount of distributions required under state law to be distributed to other exempt organizations or spent in the organization's own exempt activities during the tax year ▶ \$ \_\_\_\_\_

**Part IV** **Supplemental Information.** Provide the explanations required by Part I, line 2b, columns (iii) and (v); and Part III, lines 9, 9b, 10b, 15b, 15c, 16, and 17b, as applicable. Also provide any additional information. See instructions.

\_\_\_\_\_

\_\_\_\_\_

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\_\_\_\_\_



**SCHEDULE O**  
**(Form 990 or 990-EZ)**

Department of the Treasury  
Internal Revenue Service

**Supplemental Information to Form 990 or 990-EZ**

Complete to provide information for responses to specific questions on  
Form 990 or 990-EZ or to provide any additional information.

▶ Attach to Form 990 or 990-EZ.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for the latest information.

OMB No. 1545-0047

**2017**

Open to Public  
Inspection

Name of the organization

AVALON NONPROFIT HOUSING CORPORATION

Employer identification number

38-3086920

FORM 990, PART III, LINE 1, DESCRIPTION OF ORGANIZATION MISSION:

THE INCLUSION OF PERSONS WITH DISABILITIES AND SPECIAL NEEDS WHO ARE  
UNDERSERVED IN THE HOUSING MARKET. IN OPERATING HOUSING, AVALON  
NONPROFIT HOUSING CORPORATION WILL UTILIZE AN ENHANCED MANAGEMENT  
APPROACH WHICH MAXIMIZES PROBLEM SOLVING WITH TENANTS, MINIMIZES  
EVICTION, AND ENSURES FINANCIAL VIABILITY, PROPERTY MAINTENANCE AND  
SAFETY. AVALON NONPROFIT HOUSING CORPORATION WILL SEEK TO DEVELOP  
HOUSING IN A VARIETY OF LOCATIONS WITHIN THE CITIES OF ANN ARBOR AND  
YPSILANTI, AND MORE WIDELY IN WASHTENAW COUNTY IN RESPONSE TO  
IDENTIFIED NEEDS.

FORM 990, PART VI, SECTION A, LINE 2:

THREE BOARD MEMBERS, JIM GROSH, BARBARA KESSLER AND GARY BRUDER HAVE A  
BUSINESS RELATIONSHIP BY VIRTUE OF ALSO BEING A DIRECTOR OF ONE OR MORE OF  
THE RELATED C CORPORATIONS THAT INVEST IN THE LOW-INCOME HOUSING  
PARTNERSHIPS IN FURTHERANCE OF THE ORGANIZATION'S EXEMPT PURPOSE AND  
SERVING AS A BOARD MEMBER OF AVALON SECOND NON PROFIT HOUSING CORPORATION.

FORM 990, PART VI, SECTION B, LINE 11B:

FINANCE COMMITTEE, EXECUTIVE DIRECTOR, ASSOCIATE DIRECTOR AND CONTROLLER  
REVIEW 990 AND APPROVE FOR FORWARDING TO FULL BOARD FOR REVIEW AND  
APPROVAL.

FORM 990, PART VI, SECTION B, LINE 12C:

ANNUAL SIGNED RESTATEMENT OF POLICY BY BOARD MEMBERS. BOARD MEMBERS WITH  
CONFLICTS DISCLOSE AND ABSTAIN FROM VOTING ON ISSUE.



Name of the organization AVALON NONPROFIT HOUSING CORPORATION	Employer identification number 38-3086920
--	--

FORM 990, PART VI, SECTION B, LINE 15A:

THE BOARD ANNUALLY REVIEWS PERFORMANCE AND COMPENSATION OF TOP PAID  
 EMPLOYEES AGAINST 990 INFORMATION FROM SIMILAR ORGANIZATIONS AND  
 INFORMATION FROM PUBLIC SOURCES. THIS WAS LAST PERFORMED IN 2015.

FORM 990, PART VI, SECTION C, LINE 19:

THE ORGANIZATION GOVERNING DOCUMENTS, POLICIES, AND FINANCIAL STATEMENTS  
 ARE AVAILABLE UPON REQUEST AT THE FINANCE DEPARTMENT OFFICE.

**SCHEDULE R  
(Form 990)**

Department of the Treasury  
Internal Revenue Service

**Related Organizations and Unrelated Partnerships**

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 33, 34, 35b, 36, or 37.  
▶ Attach to Form 990.

▶ Go to [www.irs.gov/Form990](http://www.irs.gov/Form990) for instructions and the latest information.

OMB No. 1545-0047

**2017**

Open to Public Inspection

Name of the organization **AVALON NONPROFIT HOUSING CORPORATION** Employer identification number **38-3086920**

**Part I Identification of Disregarded Entities.** Complete if the organization answered "Yes" on Form 990, Part IV, line 33.

(a) Name, address, and EIN (if applicable) of disregarded entity	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Total income	(e) End-of-year assets	(f) Direct controlling entity

**Part II Identification of Related Tax-Exempt Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related tax-exempt organizations during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Exempt Code section	(e) Public charity status (if section 501(c)(3))	(f) Direct controlling entity	(g) Section 512(b)(13) controlled entity?	
						Yes	No
AVALON SECOND NONPROFIT HOUSING CORPORATION - 14-1977260, 1327 JONES DR, STE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MICHIGAN	501(C)(3)	LINE 7	AVALON NONPROFIT HOUSING	X	

For Paperwork Reduction Act Notice, see the Instructions for Form 990. Schedule R (Form 990) 2017

SEE PART VII FOR CONTINUATIONS

**Part III Identification of Related Organizations Taxable as a Partnership.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a partnership during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Predominant income (related, unrelated, excluded from tax under sections 512-514)	(f) Share of total income	(g) Share of end-of-year assets	(h) Disproportionate allocations?		(i) Code V-UBI amount in box 20 of Schedule K-1 (Form 1065)	(j) General or managing partner?		(k) Percentage ownership
							Yes	No		Yes	No	
CARROT WAY APARTMENTS LDHA LP - 37-1470458, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
PEAR STREET APARTMENTS LDHA LP - 26-2693139, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A
WILLIAM STREET APARTMENTS LDHA LP - 38-3110271, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING CORPORATION	RELATED	11,916.	383,282.		X	N/A		X	99.00%
PAULINE APARTMENTS LDHA LP - 35-2421337, 1327 JONES DR, SUITE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	N/A	N/A	N/A	N/A	N/A		N/A	N/A		N/A

**Part IV Identification of Related Organizations Taxable as a Corporation or Trust.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, because it had one or more related organizations treated as a corporation or trust during the tax year.

(a) Name, address, and EIN of related organization	(b) Primary activity	(c) Legal domicile (state or foreign country)	(d) Direct controlling entity	(e) Type of entity (C corp, S corp, or trust)	(f) Share of total income	(g) Share of end-of-year assets	(h) Percentage ownership	(i) Section 512(b)(13) controlled entity?	
								Yes	No
AVALON PARTNERSHIPS, INC - 38-3075103 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	121.	88,970.	100%	X	
AVALON CARROT WAY PARTNERSHIP, INC - 32-0083972, 1327 JONES DR, STE 102, ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-10.	49,819.	100%	X	
PEAR STREET APARTMENTS, INC - 26-2692914 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-4.	0.	100%	X	
AVALON PAULINE APARTMENTS, INC - 80-0755852 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-30.	2.	100%	X	
ARBORDALE APARTMENTS 2014, INC - 46-5408008 1327 JONES DR, STE 102 ANN ARBOR, MI 48105	AFFORDABLE RENTAL HOUSING	MI	AVALON NONPROFIT HOUSING	C CORP	-9.	102.	100%	X	





**Part V Transactions With Related Organizations.** Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

**Note:** Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule.

	Yes	No
<b>1</b> During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?		
<b>a</b> Receipt of (i) interest, (ii) annuities, (iii) royalties, or (iv) rent from a controlled entity .....		X
<b>b</b> Gift, grant, or capital contribution to related organization(s) .....		X
<b>c</b> Gift, grant, or capital contribution from related organization(s) .....		X
<b>d</b> Loans or loan guarantees to or for related organization(s) .....		X
<b>e</b> Loans or loan guarantees by related organization(s) .....		X
<b>f</b> Dividends from related organization(s) .....		X
<b>g</b> Sale of assets to related organization(s) .....		X
<b>h</b> Purchase of assets from related organization(s) .....		X
<b>i</b> Exchange of assets with related organization(s) .....		X
<b>j</b> Lease of facilities, equipment, or other assets to related organization(s) .....		X
<b>k</b> Lease of facilities, equipment, or other assets from related organization(s) .....		X
<b>l</b> Performance of services or membership or fundraising solicitations for related organization(s) .....	X	
<b>m</b> Performance of services or membership or fundraising solicitations by related organization(s) .....		X
<b>n</b> Sharing of facilities, equipment, mailing lists, or other assets with related organization(s) .....		X
<b>o</b> Sharing of paid employees with related organization(s) .....	X	
<b>p</b> Reimbursement paid to related organization(s) for expenses .....		X
<b>q</b> Reimbursement paid by related organization(s) for expenses .....	X	
<b>r</b> Other transfer of cash or property to related organization(s) .....		X
<b>s</b> Other transfer of cash or property from related organization(s) .....		X

**2** If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds.

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved
(1) CARROT WAY APARTMENTS LDHA LP	Q	163,097.	CASH PAID
(2) AVALON SECOND NONPROFIT HOUSING CORP	Q	152,551.	CASH PAID
(3) PEAR STREET APARTMENTS LDHA LP	Q	60,097.	CASH PAID
(4) PAULINE APARTMENTS LDHA LP	Q	135,144.	CASH PAID
(5) ARBORDALE APARTMENTS 2014 LDHA LP	Q	108,583.	CASH PAID
(6)			



**Part VII** Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

**PART II, IDENTIFICATION OF RELATED TAX-EXEMPT ORGANIZATIONS:**

NAME OF RELATED ORGANIZATION:

AVALON SECOND NONPROFIT HOUSING CORPORATION

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

**PART III, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS PARTNERSHIP:**

NAME OF RELATED ORGANIZATION:

WILLIAM STREET APARTMENTS LDHA LP

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING CORPORATION

**PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:**

NAME OF RELATED ORGANIZATION:

AVALON PARTNERSHIPS, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

AVALON CARROT WAY PARTNERSHIP, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

PEAR STREET APARTMENTS, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

AVALON PAULINE APARTMENTS, INC



**Part VII** Supplemental Information.

Provide additional information for responses to questions on Schedule R. See instructions.

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

ARBORDALE APARTMENTS 2014, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

NAME OF RELATED ORGANIZATION:

SHARON ANN APARTMENTS, INC

DIRECT CONTROLLING ENTITY: AVALON NONPROFIT HOUSING

**v. 2019 and 2018 Board-approved  
Agency Budget**

# Avalon Housing, Inc., and Affiliates

## Consolidated Budget For 2019

	Avalon Housing
<b>Revenues</b>	
Rental and Other Property Income	1,048,818
Grant Income	2,208,968
Developer Fee Income	667,854
Management Fee Income	194,849
Donation Income	581,110
Contractual Client Service Work	852,665
Other Income	40,380
Transfers from Reserves	0
<b>Total Revenue</b>	<b>5,594,644</b>
<b>Expenses</b>	
Salaries & Payroll Taxes	3,584,438
Benefits	618,387
Administrative Expense	187,008
Accounting and Legal Services	36,850
Management Fees	0
Office Rent	119,644
Information Technology	68,529
Advertising & Fundraising Events	39,778
Reimbursement & Travel	37,806
Utilities	182,203
Contracted Maintenance & Consulting	301,896
Supplies, Appliances and Tools	49,916
Vehicle Expenses	17,250
Insurance Expense	55,097
Property Taxes/PILOT	134
Interest Expense	10,254
Escrow Payments	9,757
Fees & Direct Tenant Assistance	49,629
Bad Debt/Rehab/Ins. Claims/Other	48,631
Food, Youth & Other Tenant Programs	48,406
<b>Total Expenses</b>	<b>5,465,614</b>
<b>Net Revenue Over Expenditures</b>	<b>129,031</b>
<b>Non-Operating Activities</b>	
<b>Revenue / Cash In</b>	
Grant Pass Through	519,388
<b>Expense / Cash Out</b>	
Principal Payments	(3,924)
Repayment of Line of Credit	(100,000)
Grant Pass Through	(523,388)
<b>Non-Operating Activities Net Total</b>	<b>(107,924)</b>
<b>Adjusted Net Revenue Over Expenditures</b>	<b>21,107</b>

**Avalon Housing and Affiliates  
2018 Budget**

Categories	Avalon Total
Rental and Property Income	915,723
Grant Income	2,426,881
Developer Fee Income	466,432
Management Fee Income	171,934
Donation Income	520,100
Contractual Service Work	632,980
Transfers from Reserves	-
Other Income	64,230
<b>Total Revenue</b>	<b>5,198,280</b>
Salaries & Payroll Taxes	3,403,305
Benefits	601,662
Administrative Expense	166,696
Accounting and Legal Services	31,960
Management Fees	-
Office Rent	111,584
Information Technology	60,285
Advertising & Fundraising Events	48,313
Reimbursement & Travel	43,344
Utilities	159,061
Contractual Services	310,093
Supplies, Appliances and Tools	25,839
Vehicle Expenses	7,666
Insurance Expense	42,450
Property Taxes/PILOT	101
Interest Expense	3,600
Escrow Payments	10,189
Fees & Direct Tenant Assistance	36,875
Bad Debt/Ins. Claims/Other	29,000
Food, Youth & Other Tenant Programs	40,202
<b>Total Expense</b>	<b>5,132,228</b>
<b>Net Operating Income</b>	<b>66,053</b>
<b>Adjustments to Net Operating Income</b>	
Income From Properties Restricted Until 2019	
Principal Payment	(145,000)
Use Of Funds Available From Prior Periods	78,947
<b>Total Adjustments</b>	<b>(66,053)</b>
	<b>0</b>

**v. 2019 and 2018 Year-End Financial  
Statements**

# Avalon Housing, Inc.

## Statement of Activities (Unaudited)

From 01/01/2019 Through 05/31/2019

<b>Revenues</b>	
Contributions	322,164
In-Kind Donations	575
Federal Grants	1,156,131
Other Grants	363,669
Contracted services income	352,708
Developer Fee	122,443
Management Fee	30,965
Interest Income	469
Rental Income	323,113
Miscellaneous Income	4,857
<b>Total Revenues</b>	<b>2,677,094</b>
<b>Expenses</b>	
Salaries and wages	1,397,659
Employee benefits	251,431
Payroll Taxes	133,923
Meals and entertainment	3,841
Transportation	20,477
Contract and professional fees	8,163
Repairs and maintenance	173,671
Insurance	19,351
Occupancy	54,701
Utility	80,177
Depreciation	0
Amortization	0
Bad debt	128
Conferences and meetings	2,868
Interest expense	8,526
Administrative	75,213
Property taxes	32
Information technology	51,800
Telephone	31,282
Direct grant expense	363,820
<b>Total Expenses</b>	<b>2,677,063</b>
<b>Revenue over Expenses</b>	<b>31</b>

# Avalon Housing, Inc.

## Statement of Financial Position (Unaudited)

As of May 31, 2019

<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	60,562
AR Resident rents	14,318
AR Subsidy rents	7,241
AR Grants & Contracted Services	349,686
AR Developer Fees	202,248
AR Related Party	313,994
AR Other	104,926
Tenant Security Deposits	53,300
Prepaid expenses	73,826
<b>Total Current Assets</b>	<b>1,180,101</b>
<b>Long-term Assets</b>	
Deposits	8,877
Investments-Other	128,655
Restricted Reserves	93,704
Property and equipment - net	5,809,366
Properties in development	1,800,507
Intangible Assets	2,755
Loan Receivable-Related Party	2,376,425
<b>Total Long-term Assets</b>	<b>10,220,289</b>
<b>Total Assets</b>	<b><u>11,400,390</u></b>
<b>Liabilities</b>	
<b>Short-term Liabilities</b>	
Accounts Payable	48,132
Tenant Security Deposits	47,665
Unearned Rental Income	112,915
Line of Credit	150,000
Predevelopment Loan Payable	23,070
Other Accrued Liabilities	53,664
<b>Total Short-term Liabilities</b>	<b>435,446</b>
<b>Long-term Liabilities</b>	
Long-Term Notes Payable	9,899,580
<b>Total Long-term Liabilities</b>	<b>9,899,580</b>
<b>Total Liabilities</b>	<b>10,335,026</b>
<b>Net Assets</b>	
Net Assets	1,065,333
Current YTD Net Income	31
<b>Total Net Assets</b>	<b>1,065,364</b>
<b>Total Liabilities and Net Assets</b>	<b><u>11,400,390</u></b>

# Avalon Housing, Inc.

## Statement of Activities (Unaudited)

From 01/01/2018 Through 12/31/2018

<b>Revenues</b>	
Contributions	727,920
In-Kind Donations	8,528
Federal Grants	2,586,958
Other Grants	820,061
Contracted services income	696,937
Developer Fee	310,385
Management Fee	193,207
Interest Income	13,979
Rental Income	692,311
Miscellaneous Income	40,522
<b>Total Revenues</b>	<b>6,090,808</b>
<b>Expenses</b>	
Salaries and wages	3,082,486
Employee benefits	599,019
Payroll Taxes	270,316
Meals and entertainment	57,892
Transportation	61,188
Contract and professional fees	48,459
Repairs and maintenance	402,167
Insurance	43,462
Occupancy	132,979
Utility	172,040
Depreciation	269,430
Amortization	184
Bad debt	8,348
Conferences and meetings	19,870
Interest expense	9,912
Administrative	198,230
Property taxes	94
Information technology	88,723
Telephone	69,466
Direct grant expense	861,925
<b>Total Expenses</b>	<b>6,396,190</b>
<b>Revenue over Expenses</b>	<b>(305,382)</b>



# Avalon Housing, Inc.

## Statement of Financial Position (Unaudited)

As of December 31, 2018

<b>Assets</b>	
<b>Current Assets</b>	
Cash and cash equivalents	76,531
AR Resident rents	11,259
AR Subsidy rents	3,155
AR Grants & Contracted Services	257,838
AR Developer Fees	290,844
AR Related Party	342,343
AR Other	143,499
Tenant Security Deposits	53,295
Prepaid expenses	112,985
<b>Total Current Assets</b>	<b>1,291,749</b>
<b>Long-term Assets</b>	
Deposits	8,377
Investments-Other	171,001
Restricted Reserves	74,398
Property and equipment - net	5,807,391
Properties in development	1,875,650
Intangible Assets	2,755
Loan Receivable-Related Party	2,376,425
<b>Total Long-term Assets</b>	<b>10,315,997</b>
<b>Total Assets</b>	<b><u>11,607,746</u></b>
<b>Liabilities</b>	
<b>Short-term Liabilities</b>	
Accounts Payable	166,817
Tenant Security Deposits	50,042
Unearned Rental Income	129,620
Line of Credit	100,000
Predevelopment Loan Payable	151,902
Other Accrued Liabilities	77,578
<b>Total Short-term Liabilities</b>	<b>675,959</b>
<b>Long-term Liabilities</b>	
Long-Term Notes Payable	9,856,524
<b>Total Long-term Liabilities</b>	<b>9,856,524</b>
<b>Total Liabilities</b>	<b>10,532,483</b>
<b>Net Assets</b>	
Net Assets	1,380,645
Current YTD Net Income	(305,382)
<b>Total Net Assets</b>	<b>1,075,263</b>
<b>Total Liabilities and Net Assets</b>	<b><u>11,607,746</u></b>

## **vi. Current Reserve Policy**



# AVALON HOUSING

## Operating Reserves Policy

### **Purpose**

The purpose of the Operating Reserves policy for Avalon Housing is to ensure the stability of the mission, programs and ongoing operations of the organization. The Operating Reserve is intended to provide an internal source of funds for situations such as a sudden increase in expenses, one-time unbudgeted expenses, unanticipated loss in funding or uninsured losses. The Reserve may also be used for one-time, nonrecurring expenses that will build long-term capacity, such as staff development, research and development or investment in infrastructure. Operating Reserves are not intended to replace a permanent loss of funds or eliminate an ongoing budget gap. It is the intention of Avalon Housing for Operating Reserves to be used and replenished within a reasonably short period of time. The Operating Reserve policy will be implemented in concert with other governance and financial policies of Avalon Housing and is intended to support the goals and strategies contained in these related policies and in strategic and operational plans.

### **Definitions and Goals**

The Operating Reserve Fund shall be set aside by action of the Board of Directors in a separate interest bearing account. The target minimum Operating Reserve balance is equal to one quarter of the annual budgeted Grant Revenues (Federal, State, Local Government and Other Grants) for Avalon Housing.

The amount of the Operating Reserve fund target minimum will be calculated each year after approval of the annual budget, reported to the Finance Committee and Board of Directors, and included in the regular financial reports.

### **Accounting for Reserves**

The Operating Reserve Fund will be recorded in the financial records as Board-Designated Operating Reserve. The fund will be funded and available in cash or cash equivalent funds.

### **Funding of Reserves**

The Operating Reserve Fund will be funded with surplus unrestricted operating funds. The Board of Directors may from time to time direct that a specific source of revenue be set aside for Operating Reserves. Examples may include one-time gifts or bequests, special grants or special appeals. A Line of Credit with a bank or other financial institution may be established and used in a manner consistent with this policy when surplus operating funds are not available to fund a separate Operating Reserve Fund.

## **Use of Reserves**

Use of the Operating Reserves requires three steps:

### **1. Identification of appropriate use of reserve funds**

The Executive Director and staff will identify the need for access to Operating Reserve funds and confirm that the use is consistent with the purpose of the Operating Reserves as described in this policy. This step requires analysis of the reason for the shortfall, the availability of any other sources of funds before using Operating Reserves, and the evaluation of the time period that the funds will be required and replenished.

### **2. Authority to use Operating Reserves**

The Executive Director or Associate Director will submit a request to use Operating Reserves to the Finance Committee of the Board of Directors. Any requested draw of Operating Reserves (including draws from any Line of Credit) in a single amount of \$50,000 or more, or a series of draws that totals \$100,000 or more within a 12-month period that are not anticipated to be replenished within 6 months from the date of the request also requires approval from the Board of Directors if time permits. Otherwise, the Executive Committee of the Board of Directors may approve the request and the Executive Committee shall inform the full Board of Directors of any such draws at the next regularly scheduled meeting of the Board of Directors. All requests will include a staff analysis and determination for the use of funds and plans for replenishment. The organization's goal is to replenish the funds used within twelve months to restore the Operating Reserve Fund to the target minimum amount. If the proposed use of Operating Reserves will take longer than 12 months to replenish, the request will include a detailed timeline for replacement of the amount used. The Finance Committee / Board of Directors will approve or modify the request and authorize transfer from the fund.

### **3. Reporting and monitoring**

The Executive Director is responsible for ensuring that the Operating Reserve Fund is maintained and used only as described in this policy. Upon approval for the use of Operating Reserve funds, the Executive Director will maintain records of the use of funds and plan for replenishment. He/she will provide regular reports to the Finance Committee / Board of Directors of progress to restore the fund to the target minimum amount.

## **Review of Policy**

This policy will be reviewed every other year, at minimum, by the Finance Committee, or sooner if warranted by internal or external events or changes. Changes to the policy will be recommended by the Finance Committee to the Board of Directors.