Report of Independent Auditors
and Financial Statements

# EDEN TOWNSHIP HEALTHCARE DISTRICT
# dba EDEN HEALTH DISTRICT

## June 30, 2026 & 2025

JWT & Associates, LLP
Advisory Assurance Tax

# EDEN TOWNSHIP HEALHCARE DISTRICT

Report of Independent Auditors and Financial Statements


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# JWT & Associates, LLP

Advisory Assurance Tax

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*Report of Independent Auditors*

The Board of Directors
Eden Township Healthcare District
dba Eden Health District
Castro Valley, California

**Report on the Audit of the Financial Statements Opinion**

We have audited the accompanying financial statements of the business-type activities and fiduciary activities of Eden Township Healthcare District dba Eden Health District (the District), as of and for the years ended June 30, 2026 and 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the business-type activities and fiduciary activities of the District, as of June 30, 2026 and 2025, and the changes in financial position and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinion***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Responsibilities of Management for the Financial Statements***

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

***Auditor's Responsibilities for the Audit of the Financial Statements***

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

***Supplementary Information***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The management's discussion and analysis (MD&A) is presented for purposes of additional analysis and is not a required part of the basic 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the MD&A is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with Government Auditing Standards, we have also issued our report dated October 20, 2026, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 the District's 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 the District's internal control over financial reporting and compliance.

JWT & Associates, LLP

Fresno, California
October 20, 2026

Management's Discussion and Analysis

# Eden Township Healthcare District
# dba Eden Health District

Management's Discussion and Analysis

June 30, 2026 and 2025

This section of the Eden Township Healthcare District's (the "District") annual financial report includes some of management's insights and analysis of the District's financial performance for the years ended June 30, 2026 and 2025.

## Introduction to Basic Financial Statements

The annual report consists of a series of financial statements, prepared in accordance with the Governmental Accounting Standards Board ("GASB") Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This standard is applicable to the District because it is a political subdivision of the State of California. The financial statements include: the statements of net position, the statements of revenues, expenses and changes in net position and the statements of cash flows. These statements are supported in the annual report by the notes to the financial statements and this section. All sections should be considered together to obtain a complete understanding of the financial picture of the District.

*Statements of Net Position* include all assets and liabilities. Assets and liabilities are reported on an accrual basis, as of the statement date.

*Statements of Revenues, Expenses and Changes in Net Position* present the revenues earned and expenses incurred during the years then ended on an accrual basis.

*Statements of Cash Flows* present the inflows and outflows of cash, summarized by operating, capital and related financing and investing activities. The statements are prepared using the direct method of cash flows, and therefore, present gross rather than net amounts for the year's operating activities.

## FINANCIAL OVERVIEW

A summary of key financial statement information is used as a basis for reviewing the current year results in comparison with the prior years.

| | As of June 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| **Assets** | | | |
| Current assets | $ 10,547,331 | $ 6,366,865 | $ 2,412,343 |
| Investments | 1,897,638 | 3,679,523 | 5,317,996 |
| Capital assets, net of accumulated depreciation | 25,870,874 | 27,549,963 | 29,044,752 |
| Other assets | 343,148 | 274,227 | 386,922 |
| Total assets | $ 38,658,991 | $ 37,870,578 | $ 37,162,013 |

| | As of June 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| **Liabilities and net position** | | | |
| Current liabilities | | | |
| Current portion of loans payable | $ 8,189,895 | $ 637,925 | $ 611,715 |
| Other current liabilities | 712,898 | 650,295 | 569,824 |
| Total current liabilities | 8,902,793 | 1,288,220 | 1,181,539 |
| Loans payable, net of current portion | 13,496 | 8,203,355 | 8,821,174 |
| Total liabilities | 8,916,289 | 9,491,575 | 10,002,713 |
| Net position | 29,742,701 | 28,379,003 | 27,159,301 |
| Total liabilities and net position | $ 38,658,991 | $ 37,870,578 | $ 37,162,012 |

Net position as of June 30, 2026, increased to $29,742,701 from $28,379,003 in 2025. The change was an increase of $1,363,698 and provides additional funds to be utilized in future years.

Current assets as of June 30, 2026, increased to $10,547,331 from $6,366,865 in 2025. The increase was primarily attributable to an increase in cash of $4,169,386. The increase was due to deposits of excess operation cash and cash from matured bonds and US treasury notes held in investments.

Capital assets decreased $1,679,089 in FY26. The decrease was due to depreciation expense of $1,729,768 which was offset with new investments in upgrades to the fire alarm system for $34,959 and tenant improvements of $15,720 for the Eden Medical Building.

Investments decreased $1,781,885 in FY26. The decrease was primarily due to the reclass of cash from investments in bonds and US treasury notes which matured in FY26 to the Districts money market account which earns interest from the Local Agency Investment Fund (LAIF).

Total liabilities decreased to $8,916,289 from $9,491,575 in FY25. The decrease of $575,286 was primarily due to the Dublin Gateway Medical Center (DGMC) building loan principal payments of $623,663 and the PG&E LED upgrade loans principal payments of $14,225. Accrued operating expenses were also lower by $39,103. The decreases were offset with an increase in grants payable by $27,500.

## Operating Results

| | For the Year Ended June 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| **Operating revenues** | | | |
| Rental income | $ 3,856,599 | $ 3,777,865 | $ 3,671,085 |
| Tenant reimbursements | 2,626,107 | 2,437,353 | 2,294,326 |
| Total operating income | 6,482,706 | 6,215,217 | 5,965,410 |
| **Operating expenses** | | | |
| Salaries and benefits | 626,935 | 604,218 | 591,705 |
| Consulting and community services | 186,871 | 60,699 | 157,609 |
| Audit fees | 21,735 | 21,735 | 21,630 |
| Public relations | 916 | 992 | 846 |
| Legal fees | 855 | 1,962 | 215 |
| Insurance | 100,056 | 95,549 | 84,795 |
| Purchased services | 103,198 | 296,372 | 92,346 |
| Rental property operating and maintenance | 2,364,918 | 2,138,326 | 2,051,393 |
| Taxes | 258,174 | 251,536 | 243,217 |
| Grants to service providers and community | 1,229,000 | 1,534,000 | 111,750 |
| Depreciation & amortization | 1,868,343 | 1,828,135 | 1,825,132 |
| Total operating expenses | 6,761,000 | 6,833,524 | 5,180,639 |
| Operating income (loss) | (278,294) | (618,307) | 784,771 |
| Net nonoperating revenues (expenses) | 1,641,992 | 1,838,009 | 1,473,722 |
| Increase (decrease) in net position | $ 1,363,698 | $ 1,219,702 | $ 2,258,494 |

The Districts operating loss for FY26 was $278,294 compared to an operating loss of $618,307 in FY25. The reduction in the loss was driven by an increase in operating income by $267,489, alongside reductions in grant and sponsorship expenses by $305,000 and election expenses by $189,503. These contributors to the gain were partially offset by a $196,017 drop in non-operating revenue and increases in rental property operating and maintenance expense by $226,592 and consulting and community education by $126,127.

Grants and sponsorship expenses were $1,229,000 in FY26 compared to $1,534,000 in FY25. The lower expense of $305,000 was mainly due to the award of $1,000,000 to Alameda Health System (AHS) in FY25 compared to an award of $750,000 in FY26. The grant awarded in FY25 for $1,000,000 was to assist AHS in the transition of governance of St. Rose Hospital located in Hayward California. AHS, the public safety-net health system in Alameda County, took on the governance of St. Rose Hospital on November 1, 2024. At that time the AHS Board of Trustees and St. Rose's board of directors executed a membership issuance agreement establishing AHS as the sole statutory member of St. Rose Hospital. The $1,000,000 grant provided to AHS in FY25 was to assist in the transition with an emphasis on rehabbing vital subacute beds and the cardiac catheterization laboratory. The $750,000 grant awarded to AHS in FY26 was to be used for an IGT funding match which would support access to care at St. Rose Hospital's cardiac catheterization laboratory and the addition of new sub-acute beds. In addition to the assistance provided to AHS, Eden Healthcare District awarded $150,000 to La Familia for essential infrastructure needs related to the final preparation of the Federally Qualified Health Clinic Look-Alike located on the St. Rose Hospital campus and $320,000 to fourteen (14) other non-profit agencies that support the mission of the District.

A reduction in election expense contributed $189,502 to the increase in the gain. There was no election held in FY26 and the next election will be in November 2026 (FY27) for three (3) board member seats.

The increase in rental property operating and maintenance expense of $226,592 was mainly due to an increase of $98,703 in valet parking expenses at the Dublin Gateway Medical Center (DGMC) and an increase of $36,880 for newly implemented valet parking services at the Eden Medical Building (EMB). Both building parking lots were re-sealed and re-stripped in FY26 which contributed $65,684 to the increase. One of the tenants leasing space at the EMB had to vacate their unit in April 2026 due to financial difficulties and $27,694 was expensed to tenant bad debt. These increases in expenses were offset with a reduction in HVAC repairs at the DGMC of $28,722.

Consulting and community services expenses increased $126,172 in FY26. The increase was mainly due to a feasibility study on establishing a Mello-Roos District to secure ongoing funding for St. Rose Hospital and for a Youth Mental Health Summit. The $69,000 Mello-Roos study cost were shared equally between the Eden Health District and Alameda Health System and unfortunately the study showed the timing wasn't right to pursue the funding opportunity. The Youth Mental Health Summit was held at Lake Chabot College in Hayward, California. The summit was held for $8^{th}$ – $12^{th}$ graders attending Hayward, San Lorenzo and Castro Valley Unified School District. The District partnered with other organizations including Bully Talk, Freedom Community Clinics, Crisis Support Services of Alameda County, and Eden Youth to provide concrete knowledge and skills in an environment aimed to increase comfort among the participants to discuss mental health related matters while creating a sense of connectedness and reduce isolation. The cost of the summit was $56K.

Operating revenues increased by $267,489 in FY26. The increase was due to annual increases per existing tenant leases by $78,734 and an increase in tenant reimbursements by $188,755. The increase in tenant reimbursements is directly attributable to the increase in billable operating expenses in FY26. As of June 30, 2026, the Dublin Gateway Medical Center was 100% occupied and the Eden Medical Building was 91.67% occupied.

Net non-operating revenue decreased $196,017 in FY26. The decrease was driven by a $215,399 drop in other income and a $108,939 reduction in the fair value of investments. These losses were partially offset by a $108,130 increase in interest income and $20,192 in savings from reduced interest expenses on the Dublin Gateway Medical Center building loan. Other income was higher in FY25 due to the recognition of $250,000 from the City of Hayward for the reimbursement of Eden Health Districts purchase of 3,334 bundles of COVID-19 testing kits in May 2020. This reduction was offset by a $34,500 reimbursement from Alameda Health System for their share of the Mello-Roos study cost.

| | As of June 30, | | |
|---|---|---|---|
| | 2026 | 2025 | 2024 |
| **Net position** | | | |
| Invested in capital assets, net of related debt | $ 17,695,204 | $ 18,750,628 | $ 19,641,948 |
| Unrestricted | 12,047,498 | 9,628,375 | 7,517,352 |
| Total net position | $ 29,742,701 | $ 28,379,003 | $ 27,159,301 |

At June 30, 2026, total net position increased $1,363,698 from $28,379,003 to $29,742,701. Investments in capital assets, net of related debt, decreased $1,055,424 due to depreciation expense of $1,729,768 which was offset with new investments in capital assets and the paydown of the Dublin Gateway Center loan by $623,663. Unrestricted net assets increased by $2,419,123 due to a positive change in net assets which was offset by decreases in net assets invested in capital assets net of related debt.

## Capital Assets

The District's capital assets include land, construction in progress, land improvements, buildings, tenant improvements and equipment. At June 30, 2026 and 2025, the District's investment in capital assets totaled $25,870,874 and $27,549,963 respectively. During 2026, the Districts reduction to depreciable capital assets was $1,729,768.

## Debt Administration

At June 30, 2025 the District's outstanding balance for the DMGC loan payable was $8,799,334. The bank loan was obtained during fiscal year 2007 as partial financing for the purchase of the DGMC property. The loan payable matured on June 1, 2010, and a temporary loan was obtained for the outstanding balance of $48,202,398 until September 1, 2010. The loan was modified again on September 27, 2010. The loan's total commitment was reduced to $40,500,000 which will mature October 1, 2012. A new secured line of credit was executed simultaneously for the remaining balance of $7,702,398. The line of credit was executed to increase the bank's total security on the outstanding principal balance on September 1, 2010, of $48,202,398. The principal of $7,702,398 on the line of credit was secured by the SLMAB and $3,300,000 of marketable securities. The maturity date was October 1, 2012. On June 2, 2011, a third modification was made which increased the collateral an additional $2,000,000 and required the District to begin paying down the principal based on a percentage of specific excess cash flows from DGMC. A fourth modification was made on March 14, 2012, where the District is required to maintain unencumbered liquid assets of at least $15,000,000. A fifth modification was made on September 28, 2012, which extended the maturity date of the note and line of credit from October 1, 2012, to February 1, 2013. A sixth modification was made on January 31, 2013, where the notes total commitment was reduced to $35,214,969 and the District made a principal payment of $5,000,000. The notes maturity date was extended to February 1, 2016, and the District was no longer required to pay down the principal based on 50% of all excess cash flow from DGMC. The required unencumbered liquid assets were also reduced from $15,000,000 to $8,000,000. An advance of $2,000,000 was extended to the existing line of credit bringing the new principal balance to $9,702,397. The line of credit was secured by the EMB, SLMAB and marketable securities of $3,326,397. The maturity date was February 1, 2016.

A seventh modification was executed on January 20, 2016. The maturity date of the note was extended to February 1, 2017, and the required unencumbered liquid assets were reduced from $8,000,000 to $6,000,000. The line of credit principal balance of $9,702,397 which was allocated amongst the SLMAB ($2,806,000), the EMB ($3,570,000), and marketable securities ($3,326,397) was consolidated with the notes commitment of $35,214,969 to form a single indebtedness in the principal amount of $44,917,366. In March 2016, one of the buildings in DGMC was sold and the proceeds of $33,197,588 were used to pay down the loan balance. The outstanding balance of loans payable was $11,719,779 as of June 30, 2016. US Bank extended the maturity date for one year to February 1, 2017. The District was in the process of obtaining permanent financing through a privately placed tax-exempt offering and the existing loan with US Bank was further extended by six months. The permanent debt (10-year term, 20-year amortization) provided by First Northern Bank closed on April 3, 2017.

## Economic Factors and Next Year's Budget

On June 30, 2026, the District has two rental properties for which income and expenses are included in the fiscal year 2027 budget. The Dublin Gateway Medical Center (DGMC) and the Eden Medical Building (EMB) continue to be occupied by long-term tenants. The DGMC is 100% occupied and the EMB is 91.67% occupied. The EMB vacant space is currently in negotiations with an existing tenant in the building and is expected to be finalized in early FY27. Both properties produce positive cash flow. The building's capital budget for fiscal year 2027 is $28,000 for the DGMC and $85,000 for the Eden Medical Building.

The District continues to work collaboratively with local government officials to support and improve the overall wellness of the community. There will be an election for three (3) new board members in FY27 and only one (1) seat will be contested.

## Contacting the District's Financial Management

The District's financial report is designed to provide the District's Board of Directors, management, creditors, legislative and oversight agencies, citizens and others with an overview of the District's finances and to demonstrate its accountability for funds received. For additional information about this report, please contact the District's office at 20400 Lake Chabot Road Suite 303, Castro Valley, CA 94546.

Basic Financial Statements

Eden Township Healthcare District
dba Eden Health District

Statements of Net Position

June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Assets** | | |
| Current Assets | | |
| Cash and cash equivalents | $ 8,872,114 | $ 4,702,728 |
| Tenant receivables | 66,886 | 79,011 |
| Interest receivable | 21,561 | 33,703 |
| Other receivables | 1,534,500 | 1,500,000 |
| Prepaid expenses and deposits | 52,270 | 51,423 |
| Total current assets | 10,547,331 | 6,366,865 |
| Investmens | 1,897,638 | 3,679,523 |
| Capital assets, net of accumulated depreciation | 25,870,874 | 27,549,963 |
| Other assets | 343,148 | 274,227 |
| | $ 38,658,991 | $ 37,870,578 |
| **Liabilities and Net Position** | | |
| Current liabilities | | |
| Accounts payable and accrued expenses | $ 308,333 | $ 269,230 |
| Interest payable | 22,286 | 23,975 |
| Securtiy deposits held | 160,063 | 167,322 |
| Unearned rent | 62,215 | 57,268 |
| Grants payable | 160,000 | 132,500 |
| Current portion of loans payable | 8,189,895 | 637,925 |
| Total current liabilities | 8,902,793 | 1,288,220 |
| Loans payable, net of current maturities | 13,496 | 8,203,355 |
| Total liabilities | 8,916,289 | 9,491,575 |
| Net position | | |
| Invested in capital assets, net of related debt | 17,695,204 | 18,750,628 |
| Unrestricted | 12,047,498 | 9,628,375 |
| Total net position | 29,742,701 | 28,379,003 |
| Total liabilities and net position | $ 38,658,991 | $ 37,870,578 |

*See accompanying notes to the financial statements*

Eden Township Healthcare District
dba Eden Health District

Statements of Revenues, Expenses and Changes in Net Position

For The Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Operating revenues** | | |
| Rental income | $ 3,856,599 | $ 3,777,865 |
| Tenant reimbursements | 2,626,107 | 2,437,353 |
| Total operating revenues | 6,482,706 | 6,215,217 |
| **Operating expenses** | | |
| Salaries and benefits | 626,935 | 604,218 |
| Consulting and community education | 186,871 | 60,699 |
| Audit fees | 21,735 | 21,735 |
| Public relations | 916 | 992 |
| Legal fees | 855 | 1,962 |
| Insurance | 100,056 | 95,549 |
| Purchased services | 103,198 | 296,372 |
| Rental property operating and maintenance | 2,364,918 | 2,138,326 |
| Taxes | 258,174 | 251,536 |
| Grants to service providers and community | 1,229,000 | 1,534,000 |
| Depreciation & amortization | 1,868,343 | 1,828,135 |
| Total operating expenses | 6,761,000 | 6,833,524 |
| Operating income (loss) | (278,294) | (618,307) |
| **Nonoperating revenues (expenses)** | | |
| Investment income (loss) | 388,065 | 388,874 |
| Interest expense | (280,673) | (300,865) |
| Other non-operating income (expense) | 1,534,601 | 1,750,000 |
| Total nonoperating revenues (expenses) | 1,641,993 | 1,838,009 |
| Increase (decrease) in net position | 1,363,698 | 1,219,702 |
| Net position, beginning of the year | 28,379,003 | 27,159,301 |
| Net position, end of year | $ 29,742,701 | $ 28,379,003 |

*See accompanying notes to the financial statements*

Eden Township Healthcare District
dba Eden Health District

Statements of Cash Flows

For The Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Cash received from customers | $ 6,492,519 | $ 6,149,290 |
| Cash payments to suppliers of goods and services | (2,744,594) | (2,625,306) |
| Cash payments to employees for services | (622,632) | (599,915) |
| Grant payments | (1,201,500) | (1,451,500) |
| Tax payments | (258,174) | (251,536) |
| Net cash provided by operating activities | 1,665,619 | 1,221,033 |
| **Cash flows from investing activities** | | |
| Investment income received | 1,512,243 | 1,778,906 |
| Net (purchase) sale of investments | 1,781,885 | 1,638,473 |
| Net real and unreal gain (loss) on investments | 388,064 | 388,874 |
| Net cash provided by non-capital and related financing activities | 3,682,192 | 3,806,253 |
| **Cash flows from capital and related financing activities** | | |
| Purchase of capital assets | (50,679) | (193,897) |
| Proceeds from issuance of new debt | - | 25,083 |
| Payments of long-term debt | (637,888) | (616,693) |
| Interest paid on capital debt | (282,362) | (302,491) |
| Change in prepaid lease and loan costs | (207,496) | (26,754) |
| Net cash used in capital and related financing activities | (1,178,425) | (1,114,752) |
| Increase (decrease) in cash and cash equivalents | 4,169,386 | 3,912,534 |
| Cash and cash equivalents at beginning of year | 4,702,728 | 790,194 |
| Cash and cash equivalents at end of year | $ 8,872,114 | $ 4,702,728 |

*See accompanying notes to the financial statements*

Eden Township Healthcare District
dba Eden Health District

Statements of Cash Flows (continued)

For The Years Ended June 30, 2026 and 2025

| | 2026 | 2025 |
|---|---|---|
| **Reconciliation of income from operations to net cash provided by operating activities** | | |
| Operating income (loss) | $ (278,294) | $ (618,307) |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | 1,868,343 | 1,828,135 |
| Changes in operating assets and liabilities | | |
| Tenant receivables | 12,125 | (65,515) |
| Prepaid expenses | (847) | (5,379) |
| Accounts payable and accrued expenses | 39,104 | 11 |
| Unearned rent | 4,947 | (412) |
| Security deposits held | (7,259) | - |
| Grants payable | 27,500 | 82,500 |
| Net cash provided by operating activities | $ 1,665,619 | $ 1,221,033 |

*See accompanying notes to the financial statements*

## 1. Organization

Eden Township Healthcare District (the "District"), formerly Eden Township Hospital District, a political subdivision of the State of California, was organized under Local Hospital District Law as set forth in the Health and Safety Code of the State of California. It is exempt from federal and state income taxes. The District operated Eden Hospital Medical Center and Laurel Grove Hospitals (the "Hospitals") in Castro Valley, California, until January 14, 1998 when the District transferred substantially all of the net operating assets and operations of the Hospitals to Eden Medical Center ("EMC"), a California nonprofit public benefit corporation. The transfer occurred pursuant to the District's affiliation with Sutter Health, a California nonprofit public benefit corporation. The District is one of two corporate members of EMC and the District's five elected directors were members of EMC's eleven-member Board of Directors. Sutter Health is the other corporate member. This arrangement was terminated six months after construction began on the replacement hospital for Eden Medical Center, which was July 2009; six months later, in January 2010, the District board members resigned from the Eden Medical Center Board per the terms in the 2008 Amended Lease and Agreement between Sutter Health and the District.

In 2006, the District formed Dublin Gateway, LLC, a California limited liability company and Dublin Gateway, Inc., a California corporation, the manager of Dublin Gateway, LLC. Dublin Gateway, Inc. was dissolved during the fiscal year 2012.

In May 2007, the District, in partnership with Dublin Gateway, LLC, acquired Triad Dublin Gateway, LP, (TDG LP) for the purpose of purchasing, owning, operating, and developing the Dublin Gateway Medical Center (DGMC). Since TDG LP is wholly owned and controlled by the District through its ownership of Dublin Gateway, LLC, the operations of TDG LP are included within the District. Dublin Gateway, LP was dissolved during fiscal year 2014 and Dublin Gateway, LLC was dissolved in May 2017.

The District owns two medical office properties; DGMC located in Dublin, California, and the Eden Medical Building (EMB) located in Castro Valley, California. The two properties are managed by professional commercial property managers.

In March 2008, the District executed an amended and restated lease and hospital operations agreement with EMC. EMC had two corporate members: the District and Sutter Health. Under the terms of the amended agreement, EMC had the option to purchase the San Leandro Hospital (SLH) between July 1, 2009, and June 30, 2010. The District received notification from EMC (Sutter Health) of its intent to exercise the purchase option in July 2009 for a purchase price determined to be zero under the terms of the agreement. The District filed a lawsuit opposing the purchase in which the trial court ruled in favor of Sutter Health in 2009. On April 11, 2012, the District was notified that its appeal filed with the California Supreme Court was denied. Consequently, the District wrote off the assets and associated goodwill of SLH in April 2012 after approval by the Board of Directors.

## 1. Organization (continued)

In 1984, the District established Eden Hospital Health Services Corporation ("EHHSC"). EHHSC is a separate nonprofit corporation that is not included in the financial statements of the District as it does not meet the criteria in Governmental Accounting Standards Board ("GASB") Statement No. 14, "The Reporting Entity," for inclusion as a component unit of the District as the District's only right with respect to EHHSC is to dissolve it. EHHSC owns and operates a retirement and skilled nursing facility. In 2010 the bylaws of EHHSC were amended to rename EHHSC "Baywood Court" after the only remaining operational entity.

In June 2022, Baywood Court (BWC) and Eden Health District's (EHD) board of directors reached an agreement to remove EHD as a general member and transfer the governance to Baywood Court's board of directors. Under the terms of the agreement, BWC's bylaws were also amended to remove EHD as a general member. As part of the agreement BWC agreed to an initial distribution of $2,000,000, followed by nine to eleven subsequent annual participation distributions, depending upon certain performance conditions.

Distributions in years two to six are contingent on BWC maintaining a minimum debt service coverage ratio of 1.35 and a ratio of 1.50 for years seven to ten. Under the agreement, BWC remits to EHD participation distributions for performance in excess of the coverage ratio, subject to a $1,500,000 and $1,700,000 maximum in years two to six and years seven to ten, respectively. If distributions in years two to six fall below $1,000,000 for any year, an additional participation year will be added to the agreement term. Similarly, if any distributions in years seven to ten fall below $1,000,000, an additional participation year is added. Under the agreement BWC will cease to make distributions after the 12th anniversary of the effective date.

On September 16, 2015, the District received approval by its Board of Directors to have a "dba" name of Eden Health District, that would not change the existing statutory name of Eden Township Healthcare District.

## 2. Summary of Significant Accounting Policies

*Basis of Accounting and Financial Statement Presentation*
The District's financial statements are presented in accordance with the pronouncements of the Governmental Accounting Standards Board (GASB). The financial statement presentation, required by GASB Statements No. 34, 37 and 38 provides a full accrual basis, comprehensive, entity-wide perspective of the District's assets, results of operations and cash flows. The District follows the "business-type activities" reporting requirements of GASB Statement No. 34.

## 2. Summary of Significant Accounting Policies (continued)

In June 2015, the GASB issued Statement No. 76, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments ("GASB No. 76"), which is effective for financial statements for periods beginning after June 15, 2015. The objective of GASB No. 76 is to identify, in the context of the current governmental financial reporting environment, the hierarchy of generally accepted accounting principles ("GAAP"). The GAAP hierarchy" consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and non-authoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP.

The District reports information regarding its financial position and activities according to three classes of net position: invested in capital assets, net of related debt, restricted and unrestricted.

*Invested in Capital Assets, Net of Related Debt* - This category represents all capital assets in one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction, or improvement of these assets reduce the balance in this category.

*Restricted net position* - This component of net assets consists of constraints imposed by creditors (such as through debt covenants), grantors, contributions, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.

*Unrestricted net position* - This category represents net assets of the District not restricted for any project or purpose. Portions of unrestricted net assets may be designated to indicate tentative plans for financial resource utilization in a future period. Such plans or intent are subject to change and have not been legally authorized or may not result in expenditures.

When both restricted and unrestricted resources are available for use, it is the District's policy to use restricted resources first and then unrestricted resources, as they are needed.

Cash and Cash Equivalents

For purposes of the statement of cash flows, the District considers cash held in bank accounts and short-term investments with original maturities of three months or less to be cash and cash equivalents.

## 2. Summary of Significant Accounting Policies (continued)

Local Agency Investment Fund (LAIF)

The California State Treasurer, through the Pooled Money Investment Account (PMIA), invests its funds to manage the State's cash flow and strengthen the financial security of local public agencies. PMIA's policy sets as primary investment objectives safety, liquidity and yield. Through the PMIA, the Investment Division manages the Local Agency Investment Fund (LAIF). The LAIF allows cities, counties and special districts to place money in a major portfolio and, at no additional costs, use the expertise of Investment Division staff. Participating agencies can withdraw their funds from the LAIF at any time as LAIF is highly liquid and has a dollar-in-dollar-out amortized cost methodology.

Investments

The District is restricted by State law in the types of investments that can be made. State statutes authorize the District to invest in obligations of the U.S. Treasury, commercial paper, corporate notes, repurchase agreements, reverse repurchase agreements, banker's acceptances and other instruments including the State Treasurer's Investment Pool. Investments in participating interest-earning investment contracts are recorded at amortized cost, which approximates fair value for these investments, and all other investments are stated at fair value in the statements of net assets based upon published market quotations, where available. Investment income or loss (including realized gains and losses on investments, interest and dividends) and unrealized gains and losses on investments are reported in the statement of revenues, expenses and changes in net assets.

Fair Value Measurements

In February 2015, the GASB issued Statement No. 72, Fair Value Measurement and Application ("GASB No. 72"), which is effective for financial statements for periods beginning after June 15, 2015. GASB No. 72 addresses accounting and financial reporting issues related to fair value measurements. The definition of fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

The District reports the fair value of its investments in accordance with GASB 72. This standard requires an entity to maximize the use of observable inputs (such as quoted prices in active markets) and minimize the use of unobservable inputs (such as appraisals or other valuation techniques) to determine fair value. In addition, the District reports certain investments using the net asset value per share as determined by investment managers under the so called "practical expedient". The practical expedient allows net asset value per share to represent fair value for reporting purposes when the criteria for using this method are met.

## 2. Summary of Significant Accounting Policies (continued)

Fair value measurement standards also require the District to classify these financial instruments into a three-level hierarchy, based on the priority of inputs to the valuation technique or in accordance with net asset value practical expedient rules, which allow for either Level 2 or Level 3 reporting depending on lock up and notice periods associated with the underlying funds.

Instruments measured and reported at fair value are classified and disclosed in one of the following categories:

- *Level 1* - Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.
- *Level 2* - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the reporting date, and fair value is determined through the use of models or other valuation methodologies. Level 2 also includes practical expedient investments with notice periods for redemption of 90 days or less.
- *Level 3* - Pricing inputs are unobservable for the instrument and include situations where there is little, if any, market activity for the instrument. The inputs into the determination of fair value require significant management judgment or estimation. Level 3 also includes principal expedient investments with notice periods for redemption of more than 90 days.

In some instances, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such instances, an instrument's level within the fair value hierarchy is based on the lowest level of input that is significant to the fair value measurement.

Market price is affected by a number of factors, including the type of instrument and the characteristics specific to the instrument, as well as the effects of market, interest and credit risk. Instruments with readily available active quoted prices or for which fair value can be measured from actively quoted prices generally will have a higher degree of market price observability and a lesser degree of judgment used in measuring fair value. It is reasonably possible that change in values of these instruments will occur in the near term and that such changes could materially affect amounts reported in the District's financial statements.

## 2. Summary of Significant Accounting Policies (continued)

Capital Assets, net

Capital assets are stated at cost when purchased or constructed, or, for donated property, at the asset's estimated fair value at the time the donated property is received. Depreciation is provided using the straight-line method over the assets' estimated useful lives ranging from 5 to 30 years. Depreciation for tenant improvements is provided using the straight-line method over the shorter of the assets estimated useful life or the lease term, generally 10 years or less. Whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recovered, the District, using its best estimates and projections, reviews for impairment the carrying value of long-lived identifiable assets to be held and used in the future. Any impairment losses identified are recognized when determined. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the asset’s carrying value is adjusted to fair value.

Compensated Absences

District employees earn vacation and sick leave benefits at varying rates depending on their years of service at the District. Both benefits can accumulate up to specified maximum levels. Employees are not paid for accumulated sick leave benefits if they leave either upon termination or before retirement. However, accumulated vacation benefits are paid to an employee upon either termination or retirement. Accrued vacation liabilities as of June 30, 2026, and 2025 are $46,924 and $47,609, respectively.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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 results of operations. Actual results could differ from those estimates.

Subsequent events

Subsequent events are events or transactions that occur after the statement of net position date but before the financial statements are available to be issued. The District recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the statement of net position, including the estimates inherent in the process of preparing the financial statements. The District’s financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the statement of net position but arose after the statement of net position date and before the financial statements are available to be issued. There were no subsequent events to report.

## 3. Cash and Investments and Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the Authority's deposits may not be returned to it. The District does not have a policy for custodial credit risk for deposits. Cash balances held in banks are insured up to $250,000 by the Federal Depository Insurance Corporation (FDIC) and are collateralized by the respective financial institutions. Under the California Government Code, a financial institution is required to secure deposits in excess of $250,000 made by State or local governmental units by pledging securities held in an undivided collateral pool held by a depository regulated under State law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure public agency deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits and letters of credit issued by the Federal Home Loan Bank of San Francisco having a value of 105% of the secured deposits.

On June 30, 2026, there were no moneys on deposit at financial institutions in excess of federal depository insurance limits of $250,000. On June 30, 2025, there were no moneys on deposit at financial institutions in excess of federal depository insurance limits of $250,000.

## 4. Investments

The District's investment balances and average maturities were as follows at June 30, 2026 and 2025:

2026

| | | Investment Maturities in Years | | |
|---|---|---|---|---|
| | Fair Value | Less than 1 | 1 to 5 | Over 5 |
| Corporate bonds | $ 1,486,239 | $ 359,437 | $ 1,126,802 | $ - |
| U.S. Treasury notes | 390,429 | 98,548 | 291,881 | - |
| U. S. government obligations | 20,970 | - | 20,970 | - |
| Total investments | $ 1,897,638 | $ 457,985 | $ 1,439,653 | $ - |

2025

| | | Investment Maturities in Years | | |
|---|---|---|---|---|
| | Fair Value | Less than 1 | 1 to 5 | Over 5 |
| Corporate bonds | $ 1,746,548 | $ - | $ 1,746,548 | $ - |
| U.S. Treasury notes | 1,676,920 | 860,614 | 816,306 | - |
| U. S. government obligations | 256,055 | - | 224,498 | 31,557 |
| Total investments | $ 3,679,523 | $ 860,614 | $ 2,787,352 | $ 31,557 |

## 4. Investments (continued)

Interest income, dividends, and both realized and unrealized gains and losses on investments are recorded as investment income. These amounts were $388,065 and $388,874 for the years ended June 30, 2026, and 2025, respectively. Total investment income includes both income from operating cash held at banks and securities held in the Districts investment accounts.

Investments authorized by the California Government Code

The table below identifies the investment types that are authorized for the District by the California Government Code. The table also identifies certain provisions of the California Government Code that address interest rate risk, credit risk, and concentration of credit risk.

| Authorized Investment Type | Maximum Maturity | Maximum Percentage of Portfolio | Maximum Investment in One Issuer |
|---|---|---|---|
| US Treasury Notes, Bonds or Bills | 5 years | None | None |
| US Government Agency Securities | 5 years | None | None |
| Repurchase Agreements | 1 year | None | None |
| State of California Obligations | 5 years | None | None |
| Bankers' Acceptances | 180 days | 40% | 30% |
| Commercial Paper | 270 days | 25% | 10% |
| Medium Term Notes | 5 years | 30% | None |
| Certificates of Deposit | 1 year | 10% | None |
| Negotiable Certificates of Deposit | 5 years | None | None |
| State of California Local Agency Investment Fund | N/A | None | None |
| Money Market Accounts | N/A | None | None |

Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment the greater the sensitivity of its fair value to changes in market interest rates. The District's exposure to interest rate risk is minimal as 24.1% of their investments have a maturity of less than one year, 75.9% have a maturity of one year to five years and 0% is over five years. Information about the sensitivity of the fair values of the District's investments to market interest rate fluctuations is provided by the preceding schedules that shows the distribution of the District's investments by maturity.

## 4. Investments (continued)

Credit Risk

Credit risk is the risk that the issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization, such as Moody's Investor Service, Inc. The District's investments in such obligations are in corporate bonds, U.S. Treasury notes, fixed income securities and U.S. government obligations. The District believes that there is minimal credit risk with these obligations at this time.

The District's credit rating risk is governed by Section 53601 of the California Government Code, which, among others, limits investments in money market mutual funds to those funds with the highest ranking by at least one of the national rating agencies and investments in corporate bonds are limited to those with a minimum ranking of A by at least one national rating agency. The District did not hold any investments at June 30, 2026 and 2025 that had ratings of less than A by national rating agencies. There are no investment limits on the securities of the U.S. Treasury as these investments are backed by the full faith and credit of the United States government.

Concentration of Credit Risk

Concentration of credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District diversifies its portfolio as required by the California Government Code. The District's investments are held as follows: governmental agencies 99% and banks 1%. As of June 30, 2026, there are nine of the District's individual investments that were greater than 5% of the District's investments as a whole. The sum of the amount over the 5% limit for the nine individual investments was $138,828.

## 5. Fair Value Measurements

The following table sets forth by level, within the fair value hierarchy, the District's assets at fair value as of June 30, 2026 and 2025:

| | 2026 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Corporate bonds | $ 1,486,239 | $ - | $ - | $ 1,486,239 |
| U.S. Treasury notes | 390,429 | - | - | 390,429 |
| U. S. government obligations | 20,970 | - | - | 20,970 |
| Total assets at fair value | $ 1,897,638 | $ - | $ - | $ 1,897,638 |

## 5. Fair Value Measurements (continued)

| | 2025 | | | |
|---|---|---|---|---|
| | Level 1 | Level 2 | Level 3 | Total |
| Corporate bonds | $ 1,746,548 | $ - | $ - | $ 1,746,548 |
| U.S. Treasury notes | 1,676,920 | - | - | 1,676,920 |
| U. S. government obligations | 256,055 | - | - | 256,055 |
| Total assets at fair value | $ 3,679,523 | $ - | $ - | $ 3,679,523 |

## 6. Capital Assets

Capital assets as of June 30, 2026 and 2025 were comprised of the following:

| | Balance at June 30, 2025 | Transfers & Additions | Transfers & Retirements | Balance at June 30, 2026 |
|---|---|---|---|---|
| Land and land improvements | $ 13,005,082 | $ - | $ - | $ 13,005,082 |
| Buildings | 32,109,435 | - | - | 32,109,435 |
| Building improvements | 3,487,927 | 34,959 | (139,891) | 3,382,995 |
| Tenant improvements | 3,032,249 | 15,720 | (315,874) | 2,732,095 |
| Totals at historical cost | 51,634,693 | 50,679 | (455,765) | 51,229,607 |
| Less accumulated depreciation | (24,084,732) | $ (1,729,768) | $ 455,765 | (25,358,732) |
| Capital assets, net | $ 27,549,963 | | | $ 25,870,874 |

| | Balance at June 30, 2024 | Transfers & Additions | Transfers & Retirements | Balance at June 30, 2025 |
|---|---|---|---|---|
| Land and land improvements | $ 13,062,988 | $ - | $ (57,906) | $ 13,005,082 |
| Buildings | 32,109,434 | - | - | 32,109,435 |
| Building improvements | 3,434,027 | 53,897 | - | 3,487,927 |
| Tenant improvements | 2,974,151 | 140,000 | (81,900) | 3,032,249 |
| Equipment | 17,733 | - | (17,733) | - |
| Totals at historical cost | 51,598,334 | 193,897 | (157,539) | 51,634,693 |
| Less accumulated depreciation | (22,553,582) | $ (1,688,689) | $ 157,539 | (24,084,732) |
| Capital assets, net | $ 29,044,752 | | | $ 27,549,963 |

## 7. Long-term Liabilities

Bank Loan Payable

At June 30, 2017 the District's bank loan payable balance was $13,112,518. The original note was obtained on May 17, 2007 with US Bank for a maximum amount of $54,000,000 for the construction of the Dublin Gateway Center. The original terms of the bank loan included three holdback reserves which permitted TDG, LP to draw on funds for construction and tenant improvements to the property. The holdback reserves included $7,000,000 for tenant improvements, $500,000 for the payment of leasing commissions and $1,400,000 for interest reserves. The District financed total interest from the holdback reserves of $1,111,991 and funded tenant improvements of $1,990,407 through the date of the first loan modification. The terms of the note were modified on May 25, 2010, causing the remaining balance of $5,797,602 available as holdback reserves to be cancelled which reduced the maximum amount available under the loan to $48,202,397. The maturity date of the loan was extended from June 1, 2010, to September 1, 2010 under the modification.

A second modification was executed on September 27, 2010. The note's total commitment was reduced to $40,500,000 and the maturity date was extended to October 1, 2012. A new secured line of credit was executed simultaneously for the remaining balance of $7,702,398. The line of credit was executed to increase the bank's total security on the outstanding principal balance at September 1, 2010 of $46,202,398. The principal of $7,702,398 outstanding on the line of credit is secured by the San Leandro Medical Arts Building and $3,300,000 of marketable securities. The maturity date of the line of credit is October 1, 2012. The variable interest rates on the note and the line of credit were 3.24% and 3.00%, respectively, as of June 30, 2012.

A third modification was executed on June 2, 2011. Starting July 15, 2011, on a monthly basis, the District is required to pay to the bank 50% of all excess cash flow for the prior month's financial results for the Dublin Gateway operations. These funds are to pay down the principal balance of the loan. Any remaining unpaid principal balance becomes due on October 1, 2012. Additional collateral funds of $2,000,000 were also required which may be reduced by amounts incurred for tenant improvements. At June 30, 2012, the balance of cash and investments required to be maintained by the bank as collateral is $4,602,867.

A fourth modification was executed on March 14, 2012. The District is required at all times to maintain unencumbered liquid assets of at least $15,000,000.

A fifth modification was executed on September 28, 2012. The modification was to extend the maturity date of the note and line of credit from October 1, 2012, to February 1, 2013.

## 7. Long-term Liabilities (continued)

Bank Loan Payable (continued)

A sixth modification was executed on January 31, 2013. The note's total commitment was reduced to $35,214,969 and the District made a principal payment of $$5,000,000. The maturity date of the note was extended to February 1, 2016, and the District was no longer required to pay US Bank 50% of all excess cash flow for the prior month's financial results of the Dublin Gateway operations. The required unencumbered liquid assets were also reduced from $15,000,000 to $8,000,000. With regards to the line of credit an additional advance of $2,000,000 was added to the outstanding principal balance of $7,702,398. The new principal balance is $9,702,397 and allocated amongst the San Leandro Medical Arts Building $(2,806,000), the Eden Medical Building $(3,570,000), and marketable securities $(3,326,397). The net principal reduction by the District in this transaction is $3,000,000, paid in cash. The maturity date of the line of credit is February 1, 2016, concurrent with the note mentioned above. The variable interest rates on the note and the line of credit were 2.90% (LIBOR plus 2.75 points) and 2.94% (LIBOR plus 2.75 points), respectively as of June 30, 2015.

A seventh modification was executed on January 20, 2016. The maturity date of the note was extended to February 1, 2017, and the required unencumbered liquid assets were reduced from $8,000,000 to $6,000,000. The line of credit was closed and the principal balance of $9,702,397 which was allocated amongst the San Leandro Medical Arts Building ($2,806,000), the Eden Medical Building ($3,570,000), and marketable securities ($3,326,397) was consolidated with the notes commitment of $35,214,969 to form a single indebtedness in the principal amount of $44,917,367. The variable interest rate on the note was 3.21% (LIBOR plus 2.75 points) as of June 30, 2016.

When Sutter exercised its right to purchase the 4050 Dublin Boulevard building, which was solely occupied by Sutter Health's affiliate, Palo Alto Medical Foundation, the sale resulted in a reduction in principal of $33,197,587. An eighth modification was executed on January 30, 2017, which extended the maturity date from February 1, 2017, to August 1, 2017. At the time of the modification the District was in the process of obtaining long term financing through a privately placed tax-exempt offering. On April 3, 2017, the District obtained new debt from First Northern Bank and the existing loan with US Bank was paid in full. The new debt of $13,235,000 is for a ten (10) year term and will be amortized over twenty (20) years. The interest rate is fixed at 3.25%.

## 7. Long-term Liabilities (continued)

PG&E LED Light Upgrade Loan Program

The Eden Medical building (EMB) and the Dubin Gateway Medical Center (DGMC) participated in a lighting project to upgrade the building's common area lighting in the interior and exterior areas of the buildings to LED bulbs/fixtures. The project cost for the EMB was $37,607 and the cost for the DGMC was $25,803. The project allowed the owner of the building to pay the cost of the project through PG&E's loan program. PG&E's loan program allowed the owner to pay the cost over an amortized period with no interest. The monthly loan payment for the EMB was calculated as $683.77 and is paid over 55 months beginning August 2023. The monthly loan payment for the DGMC was calculated as $501.67 and is paid over 50 months beginning September 2024. The monthly payments are added to the building's monthly PG&E bill and should roughly equal the monthly electricity savings that the building will generate by upgrading to LED lighting.

Changes in the District's long-term liabilities for the fiscal year ended June 30, 2026, and 2025:

| | Balance at June 30, 2025 | Additions | Paydowns | Balance at June 30, 2026 |
|---|---|---|---|---|
| Bank loan | $ 8,799,333 | $ - | $ (623,663) | $ 8,175,670 |
| PG&E LED Upgrade Loan | 41,947 | - | (14,225) | 27,721 |
| | $ 8,841,280 | $ - | $ (637,888) | $ 8,203,391 |

| | Balance at June 30, 2024 | Additions | Paydowns | Balance at June 30, 2025 |
|---|---|---|---|---|
| Bank loan | $ 9,402,804 | $ - | $ (603,471) | $ 8,799,333 |
| PG&E LED Upgrade Loan | $ 30,086 | 25,083 | (13,222) | $ 41,947 |
| | $ 9,432,890 | $ 25,083 | $ (616,693) | $ 8,841,280 |

## 7. Long-term Liabilities (continued)

Scheduled net debt service payments including interest for fiscal years ending June 30:

| | Principal | Interest | Total |
|---|---|---|---|
| 2026 | 621,515 | 280,637 | 902,152 |
| 2027 | 8,189,633 | 197,009 | 8,386,642 |
| 2028 | 11,490 | - | 11,490 |
| 2029 | 2,007 | - | 2,007 |
| | $ 8,824,645 | $ 477,645 | $9,302,290 |

## 8. Medical Office Building Future Rental Income

The future minimum rental income from operating leases as of June 30:

| | Eden Medical Building | Dublin Gateway | Total |
|---|---|---|---|
| 2027 | 767,122 | 2,977,410 | 3,744,532 |
| 2028 | 797,173 | 2,201,753 | 2,998,926 |
| 2029 | 816,808 | 1,787,929 | 2,604,737 |
| 2030 | 837,804 | 1,602,432 | 2,440,236 |
| 2031 | 750,069 | 1,386,817 | 2,136,886 |
| Thereafter | 2,356,364 | 37,329 | 2,393,693 |
| | $ 6,325,340 | $ 9,993,670 | $ 16,319,010 |

## 9. Pension Plan

The District maintains a 457 defined contribution plan for all employees which is administered by CalPERS. Participants receive an employer match contribution of 100% of the employee contribution, up to 5% of the employee's annual salary. Total pension plan expenses were $23,937 and $22,311 for the years ended June 30, 2026, and 2025, respectively.

## 10. Commitments and Contingencies

Legislation

AB2737 Non-provider Health Care Districts (Bonta), was signed into law on September 21, 2016, and took effect on January 1, 2017. The legislation targets Districts that don't operate hospitals, clinics or ambulance services. The law mandates that if a healthcare district in California does not operate a hospital, clinic or ambulance service, then it shall contribute at least 80% of its annual budget on community grants awarded to organizations that provide direct health services and not more than 20% of its annual budget on administrative expenses. The parameters of this bill were established specifically to address the Eden Health District and have subsequently been amended to be more general in nature and apply to all such Districts. The act does not have a specific enforcement mechanism, so it is altogether unclear who is responsible for enforcing the law. Based on management's current analysis, it believes the District is in compliance with the new bill's requirements.

Eden Health District is a political subdivision of the State of California organized under the Local Health Care District Law as set forth in the Health and Safety Code of the State of California. The District has been determined to be exempt from income taxes under Local Health Care District Law. Accordingly, no provision for income taxes is included in the accompanying financial statements. The District is no longer subject to examination by federal or state authorities for years prior to June 30, 2013, nor has it been notified of any impending examination and no examinations are currently in process.

Supplemental Information

Eden Township Healthcare District
dba Eden Health District

Combining Statement of Net Position

June 30, 2026 and 2025

| | 2026 | | | | 2025 |
|---|---|---|---|---|---|
| | District Office | Dublin Gateway LP | Eden Medical Building | Eden Health District Total | Eden Health District Total |
| **Assets** | | | | | |
| Current Assets | | | | | |
| Cash and cash equivalents | $ 8,718,383 | $ 147,957 | $ 5,774 | $ 8,872,114 | $ 4,702,728 |
| Tenant receivables | - | 49,780 | 17,106 | 66,886 | 79,011 |
| Interest receivable | 21,561 | - | - | 21,561 | 33,703 |
| Other receivables | 1,534,500 | - | - | 1,534,500 | 1,500,000 |
| Prepaid expenses and deposits | 17,060 | 26,878 | 8,332 | 52,270 | 51,423 |
| Total current assets | 10,291,504 | 224,615 | 31,212 | 10,547,331 | 6,366,865 |
| Investments | 1,897,638 | - | - | 1,897,638 | 3,679,523 |
| Capital assets, net of accumulated depreciation | - | 21,386,412 | 4,484,462 | 25,870,874 | 27,549,963 |
| Other assets | - | 285,907 | 57,241 | 343,148 | 274,227 |
| Total assets | $ 12,189,142 | $ 21,896,934 | $ 4,572,915 | $ 38,658,991 | $ 37,870,578 |
| **Liabilities and Net Position** | | | | | |
| Current liabilities | | | | | |
| Accounts payable and accrued expenses | $ 105,579 | $ 173,304 | $ 29,450 | $ 308,333 | $ 269,230 |
| Interest payable | - | 22,286 | - | 22,286 | 23,975 |
| Security deposits held | - | 114,502 | 45,561 | 160,063 | 167,322 |
| Unearned rent | - | 61,855 | 360 | 62,215 | 57,268 |
| Grants payable | 160,000 | - | - | 160,000 | 132,500 |
| Current portion of loans payable | - | 8,181,690 | 8,205 | 8,189,895 | 637,925 |
| Total current liabilities | 265,579 | 8,553,637 | 83,577 | 8,902,793 | 1,288,220 |
| Loans payable, net of current portion | - | 8,027 | 5,470 | 13,496 | 8,203,355 |
| Total liabilities | 265,579 | 8,561,664 | 89,047 | 8,916,289 | 9,491,575 |
| Net position | | | | | |
| Invested in capital assets, net of related debt | - | 13,210,742 | 4,484,462 | 17,695,204 | 18,750,628 |
| Unrestricted | 11,923,563 | 124,528 | (593) | 12,047,498 | 9,628,375 |
| Total net position | 11,923,563 | 13,335,270 | 4,483,868 | 29,742,701 | 28,379,003 |
| Total liabilities and net position | $ 12,189,142 | $ 21,896,934 | $ 4,572,915 | $ 38,658,991 | $ 37,870,578 |

*See accompanying notes to the financial statements*

Eden Township Healthcare District
dba Eden Health District

Combining Statement of Revenues, Expenses and Changes in Net Assets

For the Year Ended June 30, 2026 and 2025

| | 2026 | | | | | 2025 |
|---|---|---|---|---|---|---|
| | District Office | Community Services | Dublin Gateway LP | Eden Medical Building | Eden Health District Total | Eden Health District Total |
| **Operating revenues** | | | | | | |
| Rental income | $ - | $ - | $ 3,072,751 | $ 783,848 | $ 3,856,599 | $ 3,777,865 |
| Tenant Reimbursements | - | - | 2,184,895 | 441,212 | 2,626,107 | 2,437,353 |
| Total operating revenues | - | - | 5,257,646 | 1,225,060 | 6,482,706 | 6,215,217 |
| **Operating expenses** | | | | | | |
| Salaries and benefits | 626,935 | - | - | - | 626,935 | 604,218 |
| Consulting/Community Education | 73,200 | 113,671 | - | - | 186,871 | 60,699 |
| Audit Fees | 21,735 | - | - | - | 21,735 | 21,735 |
| Public Relations | 916 | - | - | - | 916 | 992 |
| Legal Fees | 855 | - | - | - | 855 | 1,962 |
| Insurance | 47,301 | - | 35,755 | 17,001 | 100,056 | 95,549 |
| Other Purchased services | 101,142 | - | 2,055 | - | 103,198 | 296,372 |
| Rental property operating and maintenance | - | - | 1,870,277 | 494,641 | 2,364,918 | 2,138,326 |
| Taxes | - | - | 258,174 | - | 258,174 | 251,536 |
| Grants to service providers and community | - | 1,229,000 | - | - | 1,229,000 | 1,534,000 |
| Amortization | - | - | 117,315 | 21,260 | 138,575 | 139,446 |
| Depreciation | - | - | 1,256,423 | 473,344 | 1,729,768 | 1,688,689 |
| Total operating expenses | 872,084 | 1,342,671 | 3,539,999 | 1,006,246 | 6,761,000 | 6,833,524 |
| **Operating gain/(loss)** | (872,084) | (1,342,671) | 1,717,647 | 218,814 | (278,294) | (618,307) |
| **Nonoperating revenues (expenses):** | | | | | | |
| Interest income | 387,900 | - | 1,481 | - | 389,381 | 281,251 |
| Interest expense | - | - | (280,673) | - | (280,673) | (300,865) |
| Change in fair value of investments | (1,316) | - | - | - | (1,316) | 107,623 |
| Other gain/(loss) | 1,534,601 | - | - | - | 1,534,601 | 1,750,000 |
| Total nonoperating revenues (expenses) | 1,921,184 | - | (279,192) | - | 1,641,992 | 1,838,009 |
| **Change in net position** | $ 1,049,101 | $ (1,342,671) | $ 1,438,455 | $ 218,814 | $ 1,363,698 | $ 1,219,702 |

*See accompanying notes to the financial statements*

# JWT & Associates, LLP

Advisory Assurance Tax

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**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**

The Board of Directors
Eden Township Healthcare District
dba Eden Health District
Castro Valley, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the comptroller General of the United States, the financial statements of Eden Township Healthcare District dba Eden Health District (the District), which comprise the statement of net position as of June 30, 2026, and the related statements of revenues, expenses and changes in net position, and cash flows for the year then ended, and the related notes to the financial statements and have issued our report thereon dated October 20, 2026.

**Internal Control Over Financial Reporting**

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District'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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. 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 the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

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

JWT & Associates, LLP

October 20, 2026
Fresno, California

Eden Township Healthcare District
dba Eden Health District

Schedule of Findings and Questioned Costs

For the Year Ended June 30, 2026

## I. Summary of Auditor's Results

| | | |
|---|---|---|
| Type of auditor's report issued: | Unmodified | |
| Internal Control over financial reporting: | | |
| Material weakness identified? | _____yes | __X__no |
| Significant deficiency(ies) identified that are not considered to be material weaknesses? | _____yes | __X__no |
| Noncompliance material to financial statements noted? | _____yes | __X__no |

## II. Current Year Audit Findings and Questioned Costs

***Financial Statement Findings***

None reported

## III. Prior Year Audit Findings and Questioned Costs

None reported