

**COMMUNITY HOUSING
PARTNERSHIP AND
SUBSIDIARIES**

(A California Nonprofit Public Benefit Corporation)

**CONSOLIDATED FINANCIAL STATEMENTS
AND**

INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2010 AND 2009

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 CONSOLIDATED FINANCIAL STATEMENTS
 YEARS ENDED JUNE 30, 2010 AND 2009

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San Francisco, California

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying consolidated statements of financial position of Community Housing Partnership, a California nonprofit public benefit corporation, and Subsidiaries, as of June 30, 2010 and 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the years then ended. These consolidated financial statements are the responsibility of Community Housing Partnership and Subsidiaries' management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Community Housing Partnership and Subsidiaries as of June 30, 2010 and 2009, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2010 on our consideration Community Housing Partnership and Subsidiaries' internal control over financial reporting and on our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Our audits were conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The accompanying supplementary information on pages 25 through 28, the additional supplementary information as required by the California Department of Housing and Community Development on pages 30 through 33, and the accompanying Schedule of Expenditures of Federal Awards on pages 39 and 40 as required by the *U.S. Office of Management and Budget Circular A-133, Audit of States, Local Governments and Nonprofit Organizations*, are presented for purposes of additional analysis and is not a required part of the basic consolidated financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic consolidated financial statements taken as a whole.

Lindquist, von Husen and Joyce LLP

December 22, 2010

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
 JUNE 30, 2010 AND 2009

	2010	2009
ASSETS		
Current assets:		
Cash	\$ 1,992,524	\$ 2,553,073
Receivables:		
Government grants – net of allowance for doubtful collections of \$23,000 and \$-0- in 2010 and 2009, respectively	812,569	268,113
Contract services – net of allowance for doubtful collections of \$17,000 and \$-0- in 2010 and 2009, respectively	180,932	143,705
Contributions – current portion (Note 3)	222,500	266,197
Related-parties – current portion (Note 7)	128,825	376,387
Rent, subsidy and other	93,194	124,010
Escrow deposit (Note 14)	355,412	-
Prepaid expenses	241,661	151,144
Total current assets	4,027,617	3,882,629
Receivables:		
Contributions – net of current portion (Note 3)	-	70,000
Related-parties – net of current portion (Note 7)	934,376	450,979
Restricted deposits (Note 4):		
Replacement and operating reserves	1,918,684	1,872,111
Security deposits	82,212	81,363
Property and equipment – net (Note 6)	17,010,972	17,302,153
Investment in other companies (Note 8)	902,224	908,132
Total assets	\$ 24,876,085	\$ 24,567,367
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 955,799	\$ 850,033
Line of credit (Note 10)	300,000	-
Interest payable – current portion (Note 9)	36,076	18,038
Notes payable – current portion (Note 9)	199,888	188,945
Total current liabilities	1,491,763	1,057,016
Tenant security deposits	81,769	81,268
Interest payable – net of current portion (Note 9)	3,446,929	3,096,638
Notes payable – net of current portion (Note 9)	11,437,685	11,214,399
Total liabilities	16,458,146	15,449,321
Net assets:		
Unrestricted	2,194,573	2,672,540
Temporarily restricted (Note 11)	6,223,366	6,445,506
Total net assets	8,417,939	9,118,046
Total liabilities and net assets	\$ 24,876,085	\$ 24,567,367

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENTS OF ACTIVITIES

YEARS ENDED JUNE 30, 2010 AND 2009

	2010			2009		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support:						
Government grants	\$ 3,548,776	\$ -	\$ 3,548,776	\$ 3,165,722	\$ -	\$ 3,165,722
Contributions (Notes 2 and 11)	412,750	462,935	875,685	678,695	389,000	1,067,695
Contract services income	1,128,072	-	1,128,072	685,257	-	685,257
Rent subsidy revenue	2,226,418	-	2,226,418	2,333,325	-	2,333,325
Rent revenue from tenants, net of vacancy loss	965,139	-	965,139	926,553	-	926,553
Developer fees (Note 7)	590,678	-	590,678	460,399	-	460,399
Property management expense reimbursements	1,714,801	-	1,714,801	1,281,571	-	1,281,571
Income (loss) from investments in other companies (Note 8)	(909)	-	(909)	(61)	-	(61)
Interest and other income	138,490	-	138,490	44,919	-	44,919
Net assets released from restrictions (Note 11)	685,075	(685,075)	-	371,298	(371,298)	-
Total revenue and other support	11,409,290	(222,140)	11,187,150	9,947,678	17,702	9,965,380
Expenses:						
Program services:						
Property management	4,336,232	-	4,336,232	4,065,470	-	4,065,470
Tenant services	2,314,227	-	2,314,227	1,470,506	-	1,470,506
Employment and training	1,755,954	-	1,755,954	1,697,193	-	1,697,193
Housing development	264,000	-	264,000	336,234	-	336,234
Management and general	1,224,623	-	1,224,623	1,154,670	-	1,154,670
Fundraising	277,420	-	277,420	240,198	-	240,198
Pass-through	1,714,801	-	1,714,801	1,281,571	-	1,281,571
Total expenses	11,887,257	-	11,887,257	10,245,842	-	10,245,842
Change in net assets	(477,967)	(222,140)	(700,107)	(298,164)	17,702	(280,462)
Net assets, beginning of year	2,672,540	6,445,506	9,118,046	2,970,704	6,427,804	9,398,508
Net assets, end of year	\$ 2,194,573	\$ 6,223,366	\$ 8,417,939	\$ 2,672,540	\$ 6,445,506	\$ 9,118,046

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2010 AND 2009

	2010								Total
	Program Services				Total Program Services	Management and General	Fundraising	Pass Through	
	Property Management	Tenant Services	Employment and Training	Housing Development					
Salaries and wages	\$ 950,418	\$ 1,310,915	\$ 1,053,470	\$ 146,352	\$ 3,461,155	\$ 376,793	\$ 144,730	\$ 1,714,801	\$ 5,697,479
Payroll taxes and benefits	674,711	404,955	340,019	30,195	1,449,880	156,520	28,133	-	1,634,533
Accounting and auditing	639	9,575	9,970	-	20,184	8,014	-	-	28,198
Advertising	225	500	375	-	1,100	4,363	32,181	-	37,644
Bad debts incurred	63,702	-	3,674	287	67,663	47,725	-	-	115,388
Dues and subscriptions	-	-	350	-	350	12,883	3,682	-	16,915
Insurance	113,925	18,928	14,300	1,183	148,336	22,678	-	-	171,014
Interest expense – mortgages	47,537	-	-	-	47,537	-	-	-	47,537
Janitorial supplies	30,740	-	7,309	-	38,049	302	-	-	38,351
Miscellaneous	43,195	8,206	7,768	-	59,169	852	-	-	60,021
Office supplies	15,078	58,009	13,114	1,956	88,157	40,422	81	-	128,660
Organizational activities	8,836	12,895	9,777	-	31,508	10,051	-	-	41,559
Postage and mailing	885	223	121	-	1,229	6,009	4,515	-	11,753
Printing	3,965	-	6,922	-	10,887	14,973	13,660	-	39,520
Professional and legal services	96,348	261,395	40,686	-	398,429	465,303	49,515	-	913,247
Rent	61,374	70,871	45,770	9,000	187,015	13,131	-	-	200,146
Repairs and maintenance	342,685	-	51,368	74,065	468,118	952	-	-	469,070
Staff training	246	9,218	5,890	-	15,354	18,714	528	-	34,596
Taxes and licenses	14,808	7	20	-	14,835	3,519	-	-	18,354
Telephone	18,527	19,923	14,819	962	54,231	13,180	-	-	67,411
Tenant projects and stipends	-	111,552	117,120	-	228,672	175	395	-	229,242
Travel and transportation	2,786	17,055	11,549	-	31,390	2,311	-	-	33,701
Utilities and garbage	641,748	-	509	-	642,257	-	-	-	642,257
	<u>3,132,378</u>	<u>2,314,227</u>	<u>1,754,900</u>	<u>264,000</u>	<u>7,465,505</u>	<u>1,218,870</u>	<u>277,420</u>	<u>1,714,801</u>	<u>10,676,596</u>
Deferred interest	411,996	-	-	-	411,996	-	-	-	411,996
Depreciation	791,858	-	1,054	-	792,912	5,753	-	-	798,665
	<u>\$ 4,336,232</u>	<u>\$ 2,314,227</u>	<u>\$ 1,755,954</u>	<u>\$ 264,000</u>	<u>\$ 8,670,413</u>	<u>\$ 1,224,623</u>	<u>\$ 277,420</u>	<u>\$ 1,714,801</u>	<u>\$ 11,887,257</u>

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED JUNE 30, 2010 AND 2009

	2009								
	<u>Program Services</u>				<u>Total</u>	<u>Management</u>	<u>Fundraising</u>	<u>Pass</u>	<u>Total</u>
	<u>Property</u>	<u>Tenant</u>	<u>Employment</u>	<u>Housing</u>					
<u>Management</u>	<u>Services</u>	<u>and Training</u>	<u>Development</u>	<u>Program</u>	<u>and General</u>	<u>Through</u>			
Salaries and wages	\$ 935,443	\$ 732,642	\$ 866,854	\$ 256,269	\$ 2,791,208	\$ 461,932	\$ 135,152	\$ 1,281,571	\$ 4,669,863
Payroll taxes and benefits	363,471	195,324	422,842	50,279	1,031,916	153,019	23,156	-	1,208,091
Accounting and auditing	8,406	4,641	8,667	-	21,714	7,182	-	-	28,896
Advertising	-	200	-	-	200	3,534	-	-	3,734
Bad debts incurred	33,707	-	-	-	33,707	5,471	-	-	39,178
Dues and subscriptions	2,474	-	1,406	1,459	5,339	8,010	1,957	-	15,306
Insurance	73,905	14,533	13,570	2,684	104,692	70,148	624	-	175,464
Interest expense – mortgages	57,482	-	-	-	57,482	-	-	-	57,482
Janitorial supplies	33,853	-	-	-	33,853	350	-	-	34,203
Miscellaneous	34,401	10,804	36,683	-	81,888	-	-	-	81,888
Office supplies	26,319	39,194	41,162	6,348	113,023	7,818	127	-	120,968
Organizational activities	7,759	7,569	3,481	154	18,963	7,389	-	-	26,352
Postage and mailing	76	221	166	1,692	2,155	4,147	3,935	-	10,237
Printing	882	7,062	4,973	224	13,141	5,537	10,466	-	29,144
Professional and legal services	69,983	322,941	82,976	-	475,900	302,067	63,157	-	841,124
Rent	40,870	42,824	41,648	12,000	137,342	58,531	-	-	195,873
Repairs and maintenance	419,119	-	43,155	-	462,274	939	-	-	463,213
Staff training	15,644	7,791	11,095	295	34,825	5,238	124	-	40,187
Taxes and licenses	-	-	20	-	20	14,934	-	-	14,954
Telephone	14,079	9,813	19,448	426	43,766	9,480	-	-	53,246
Tenant projects and stipends	48,997	68,983	74,828	-	192,808	-	500	-	193,308
Travel and transportation	2,463	5,964	8,047	4,404	20,878	90	1,000	-	21,968
Utilities and garbage	624,858	-	16,172	-	641,030	22,207	-	-	663,237
	2,814,191	1,470,506	1,697,193	336,234	6,318,124	1,148,023	240,198	1,281,571	8,987,916
Deferred interest	448,388	-	-	-	448,388	-	-	-	448,388
Depreciation	802,891	-	-	-	802,891	6,647	-	-	809,538
	<u>\$ 4,065,470</u>	<u>\$ 1,470,506</u>	<u>\$ 1,697,193</u>	<u>\$ 336,234</u>	<u>\$ 7,569,403</u>	<u>\$ 1,154,670</u>	<u>\$ 240,198</u>	<u>\$ 1,281,571</u>	<u>\$ 10,245,842</u>

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED STATEMENTS OF CASH FLOWS

YEARS ENDED JUNE 30, 2010 AND 2009

	<u>2010</u>	<u>2009</u>
Cash flows from operating activities:		
Change in net assets	\$ (700,107)	\$ (280,462)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	798,665	809,538
Loss from investments in other companies	909	61
(Increase) decrease in assets:		
Accounts receivable	(673,005)	321,185
Prepaid expenses and deposits	(90,517)	(13,680)
Tenant security deposits cash	(849)	(574)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	105,766	318,231
Tenant security deposits payable	501	(1,554)
Interest payable	368,329	430,350
	<u>(190,308)</u>	<u>1,583,095</u>
Cash flows from investing activities:		
Net increase in restricted deposit for reserves	(46,573)	(318,678)
Net increase (decrease) in investments in other companies	4,999	(514,175)
Escrow deposit – Edward II	(355,412)	-
Purchase of property and equipment	(119,205)	(471,152)
Construction in progress – Cambridge	(388,279)	184,506
	<u>(904,470)</u>	<u>(1,119,499)</u>
Cash flows from financing activities:		
Proceeds from notes payable	424,125	260,254
Proceeds from line of credit	300,000	-
Payment of notes payable	(189,896)	(185,823)
	<u>534,229</u>	<u>74,431</u>
Net increase (decrease) in cash	(560,549)	538,027
Cash, beginning of year	<u>2,553,073</u>	<u>2,015,046</u>
Cash, end of year	<u>\$ 1,992,524</u>	<u>\$ 2,553,073</u>
Supplemental information:		
Cash paid for interest	<u>\$ 46,345</u>	<u>\$ 75,520</u>

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 1 – ORGANIZATION AND NATURE OF ACTIVITIES

The Community Housing Partnership (CHP) is a California non-profit public benefit corporation and was incorporated in March 1990. CHP creates, implements, and demonstrates solutions to homelessness in San Francisco by working in partnership with people who would otherwise be without a home. CHP develops and operates high quality permanent affordable housing, integrating optional support services, job training and community organizing. CHP strives to break the cycle of homelessness by strengthening community, encouraging self-determination and involving tenants in every aspect of the organization.

For the purposes of CHP's financial statements, activities are divided into seven functional areas:

Property Management: CHP provides management of the properties owned and/or leased by the agency. CHP also provides other fee-based services to properties they do not own or lease.

Tenant Services: CHP provides support services to formerly homeless individuals and families living in affordable housing.

Employment and Training: CHP provides employment and training programs to formerly homeless individuals living in affordable housing.

Housing Development: CHP develops affordable housing for homeless individuals and families.

Fundraising: CHP raises funds for the agency's programs and operations.

Pass Through: CHP works on projects not related to any of the areas described above and serves as the fiscal agent on projects. These projects relate to third party property management.

Management and General: CHP provides administrative support to each of the program areas listed above.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The consolidated financial statements include the accounts of four subsidiaries, Treasure Island Family Services Space, LLC, CHP Essex, LLC, CHP Fulton, LLC, and CHP San Cristina, LLC all of which CHP is the sole member. All significant intercompany transactions and balances have been eliminated in the consolidation. CHP does not hold a controlling interest in CHP Eddy, LLC, CHP Arendt, LLC, and Folsom Essex, LLC and accordingly they are included in these consolidated financial statements using the equity method of accounting.

Accounting Method

CHP uses the accrual method of accounting, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

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 amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Basis of Presentation

CHP reports information regarding its financial position and activities according to three classes of net assets, as applicable: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed restrictions. Unrestricted net assets may be designated for specific purposes by action of the Board of Directors or otherwise limited by contractual arrangements with external parties.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed restrictions that can be fulfilled either by actions of CHP pursuant to those restrictions and/or expire with the passage of time.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed restrictions that are required to be retained in perpetuity by CHP.

During the reporting periods, CHP had only unrestricted and temporarily restricted net assets. Temporarily restricted net assets at June 30, 2010 and 2009, related primarily to contributions for which the funds had not yet been spent for the time or purpose designated by the donor.

Revenue Recognition

Contributions

Contributions are recognized as revenue when they are unconditionally communicated. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions are recorded at their fair value as unrestricted support, temporarily restricted support, or permanently restricted support, depending on the absence or existence of donor-imposed restrictions as applicable. When a restriction expires (that is when a stipulated time restriction ends or purpose restriction is accomplished), temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. If donors' restrictions are satisfied in the same period that the contribution is received, the contribution is reported as unrestricted support. Contributions restricted for the purchase of long-lived assets, are reported as temporarily restricted support, with restrictions released when the underlying asset is depreciated or upon expiration of the contribution.

Contributed services are stated at their estimated fair value, if ordinarily purchased and of a specialized nature. Contributed services recognized as contribution revenue and corresponding expense was \$254,787 and \$156,566 for 2010 and 2009, respectively and is included in contributions in the statement of activities.

Grants

Government grants or cost-reimbursement type contracts are deemed to be exchange transactions and, accordingly, are shown separately as government grants in the statement of activities.

Three temporarily restricted grants were used for the purpose of purchasing and rehabilitating properties used to provide the affordable housing. It is the policy of CHP that while the net book value of the properties exceeds the amount of the contribution, there would be no relief of the temporarily restricted net asset (see Note 11).

Rental Income

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

Development Fees/Project Based Administration Fees

CHP recognizes developer fee revenue as earned during the predevelopment period based on a specified percentage related to the services performed during the predevelopment phase of the project.

The remaining portion of developer fees, not recognized at construction loan closing, is recognized monthly over the remainder of the development period, beginning in the month of construction commencement, using the percentage of completion method. The completion will be marked by the benchmarks including: the construction completion, and/or full lease up according to the agreement. The percentage of completion will generally be measured as total construction costs incurred to date divided by total construction costs identified in the construction contract or as the project reaches other agreed upon benchmarks.

Developer fees earned on the development of properties owned by CHP, either temporarily or permanently, and where the fees are obtained from loan draws, are not recognized as income. During 2009, CHP received \$105,000 in developer fees from the Cambridge property that were not recognized as revenue.

Cash and Cash Equivalents

Cash is defined as cash in demand deposit accounts as well as cash on hand. Not included in cash are funds restricted as to their use, regardless of liquidity, such as reserve accounts and security deposits. CHP occasionally maintains cash on deposit at a bank in excess of the Federal Deposit Insurance Corporation limit. The uninsured cash balance was approximately \$2,050,000 as of June 30, 2010. CHP has not experienced any losses in such accounts.

Accounts Receivable

CHP records an allowance for doubtful collections based on a review of outstanding receivables, historical collection information, and existing economic conditions. The allowance for doubtful collections was \$40,000 and \$0- as of June 30, 2010 and 2009, respectively.

Investment in Other Companies

Investment in other companies is accounted for using the equity method of accounting where CHP is deemed not to be in control. The investments were initially recorded at cost and then adjusted for CHP's proportionate share of undistributed earnings or losses (see Note 8).

Property and Equipment

Property and equipment is stated at cost of acquisition or construction or fair value if donated. The cost of maintenance and repairs is charged to expense as incurred. Depreciation is computed based on the straight-line method over the estimated useful lives of the assets.

The useful lives of the assets are estimated as follows:

Buildings	50 to 55 years
Building improvements	15 to 55 years
Furniture and equipment	3 to 10 years

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

In accordance with generally accepted accounting principles, CHP reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2010 and 2009.

Construction in Progress

CHP incurs costs during the rehabilitation phase of each affordable housing project undertaken. Such costs include governmental fees, legal and consulting fees needed to investigate the feasibility and arrange for the financing of each project under consideration, as well as construction costs. CHP records these costs as assets (development in progress) and the costs are usually recoverable from loan proceeds or other equity sources. Project rehabilitation costs are considered to be construction in progress until the project is placed in service. Construction in progress is not depreciated until the completion of development.

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

Fair Value of Financial Instruments

The carrying value of cash and cash equivalents approximates fair value due to the short-term maturity of these instruments. It is not practicable for management to estimate the fair value of notes payable because of the nature of such instruments and because there is no readily available market information for financial instruments with similar terms.

Income Taxes

CHP is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code and the related California code sections.

Functional Expenses Allocation

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

Reclassifications

Certain amounts previously reported in the 2009 financial statements were reclassified to conform to the 2010 presentation for comparative purposes.

Subsequent Events

Management has evaluated subsequent events through December 22, 2010, the date on which the financial statements were available to be issued.

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NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows:

	<u>2010</u>	<u>2009</u>
Unrestricted contributions receivable	\$ -	\$ 6,197
Temporarily restricted contributions receivable:		
For employment and training programs	132,500	190,000
For future periods	<u>90,000</u>	<u>140,000</u>
Total contributions receivable	<u>\$ 222,500</u>	<u>\$ 336,197</u>
Amounts due in:		
Less than one year	\$ 222,500	\$ 266,197
One to five years	<u>\$ -</u>	<u>\$ 70,000</u>

NOTE 4 – RESTRICTED DEPOSITS

In accordance with provisions of the agreements, restricted cash is held in separate bank accounts. Details follow:

	<u>2010</u>	<u>2009</u>
Senator Hotel ⁽¹⁾	\$ 568,800	\$ 516,693
San Cristina Hotel ⁽²⁾	350,528	343,191
Iroquois Hotel ⁽³⁾	494,442	444,171
Island Bay Homes ⁽⁴⁾	<u>504,914</u>	<u>568,056</u>
	<u>\$ 1,918,684</u>	<u>\$ 1,872,111</u>

⁽¹⁾ *Senator Hotel* – In accordance with the MHP loan agreement, CHP was required to make an annual deposit of \$37,845 to the replacement reserve plus annual deposits to the operating reserve in accordance with the annual budget. The balances in these reserves exceed the maximum statutory threshold and thus no further deposits are currently required. CHP is making annual discretionary deposits as approved by MHP.

⁽²⁾ *San Cristina Hotel* – In accordance with the 1991 loan agreement with the Mayor’s Office of Housing (MOH), CHP is required to make monthly deposits of 3% of gross income to the replacement reserve account and 2% of gross income to the operating reserve account. CHP received a waiver and thus did not fund the operating reserve in 2009 due to cash flow shortages, but resumed the funding of this reserve in 2010.

⁽³⁾ *Iroquois Hotel* – In accordance with the 1995 loan agreement with the City of San Francisco, CHP was required to establish a replacement reserve account in the amount of \$49,580, which was thereafter to be funded at the rate of \$10,679 per year. However, management is making additional discretionary deposits as approved by MOH. This agreement also requires CHP to make monthly deposits of 2.5% of average monthly operating expenses for the then previous year, to the operating reserve account, until such time as the reserve reaches a balance of 25% of prior year operating expenses.

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⁽⁴⁾ Island Bay Homes – In accordance with the loan agreement with the City and County of San Francisco, CHP was required to establish a replacement reserve account in the amount of \$1,000 per unit, which was thereafter to be funded at the rate of \$500 per unit per year increasing by 3.5% annually. This agreement also required CHP to maintain an operating reserve with an initial deposit of \$58,926 and thereafter maintain a balance of 25% of prior year operating expenses. In July 2007, CHP took the leasehold possession of an additional 42 units on Treasure Island, which brings the Island Bay Homes unit count up to 66 units. As a result, CHP is required to make an additional deposit of \$71,354 to the operating reserve account and \$42,000 to replacement reserve account. Monthly deposits to the replacement reserve account changed to \$640 per unit per year increasing by 3.5% annually. CHP is to continue to maintain the operating reserve account at a level of 25% of the prior year's operating expenses. During the fiscal year ended June 30, 2010, by agreement with the City and County of San Francisco, CHP set up a separate subsidy reserve in the amount of \$128,440, which was transferred from the operating reserves. The reserve was established to supplement anticipated future negative cash flows at the project.

Security Deposits

CHP is required to hold security deposits in a separate bank account in the name of the project.

NOTE 5 – INVESTMENTS – FAIR VALUE MEASUREMENTS

Under Generally Accepted Accounting Principles, fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the “exit price”) in an orderly transaction between market participants at the measurement date.

Generally Accepted Accounting Principles establishes a fair value hierarchy for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are those that market participants would use in pricing the asset or liability based on market data obtained from sources independent of CHP. Unobservable inputs, if any, reflects CHP's assumption about the inputs market participants would use in pricing the asset or liability developed based on the best information available in the circumstances. The Organization has invested certain replacement reserve, operating reserve and other restricted deposits in the aggregate amount of \$1,167,000 in investments that were valued using Level 1 criteria as follows:

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

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NOTE 6 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2010						2009 Total
	General	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Total	
Land	\$ -	\$ 785,502	\$ 1,087,661	\$ 1,000,000	\$ -	\$ 2,873,163	\$ 2,873,163
Buildings and improvements	-	10,372,163	4,320,780	4,415,022	1,038,345	20,146,310	20,127,450
Furniture, fixtures and equipment	101,855	76,944	25,946	78,878	38,319	321,942	282,076
Construction in process	693,478 ⁽¹⁾	-	22,233	-	-	715,711	268,597
	795,333	11,234,609	5,456,620	5,493,900	1,076,664	24,057,126	23,551,286
Accumulated depreciation	(62,017)	(3,641,880)	(1,560,568)	(1,256,080)	(525,609)	(7,046,154)	(6,249,133)
Total property and equipment	\$ 733,316	\$ 7,592,729	\$ 3,896,052	\$ 4,237,820	\$ 551,055	\$ 17,010,972	\$ 17,302,153

⁽¹⁾ Includes \$613,963 for the development of the Cambridge property.

NOTE 7 – RELATED PARTY TRANSACTIONS

Receivables from related entities are summarized as follows:

<u>Receivable/Received from</u> <u>Description</u>	<u>Receivable at</u> <u>June 30, 2010</u>	<u>2010 Income</u> <u>(Receipt)</u>	<u>Receivable at</u> <u>June 30, 2009</u>	<u>2009 Income</u> <u>(Receipt)</u>
<u>Hotel Essex, LP</u>				
Developer fee	\$ 51,803	\$ 9,403	\$ 195,793	\$ -
Operating advances ⁽²⁾	47,112	(153,393)	13,523	(575,397) ⁽¹⁾
<u>650 Eddy, LP</u>				
Developer fee	246,507	-	276,407	130,247
Operating advances ⁽²⁾	49,346	(29,900)	24,900	(156,234)
<u>Arendt House, LP</u>				
Developer fee	464,298	261,275	236,627	237,776
Operating advances ⁽²⁾	32,367	(33,604)	-	(34,821)
<u>365 Fulton, LP</u>				
Developer fee	171,768	170,000	80,116	92,376
		(78,348)		(22,854)

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<u>Receivable/Received from Description</u>	<u>Receivable at June 30, 2010</u>	<u>2010 Income (Receipt)</u>	<u>Receivable at June 30, 2009</u>	<u>2009 Income (Receipt)</u>
<u>Folsom – Essex, LLC</u>				
Developer fee	-	150,000 (150,000)	-	-
Total	1,063,201		827,366	
Less: current portion	(128,825)		(376,387)	
Long-term portion	<u>\$ 934,376</u>		<u>\$ 450,979</u>	

Total developer fee income is as follows:

	<u>2010</u>	<u>2009</u>
Hotel Essex, L.P.	\$ 9,403	\$ -
650 Eddy, L.P.	-	130,247
Ardent House, L.P.	261,275	237,776
365 Fulton, L.P.	170,000	92,376
Folsom - Essex, LLC	150,000	-
	<u>\$ 590,678</u>	<u>\$ 460,399</u>

(1) Includes \$473,397 deferred developer fee promissory note, plus accrued interest, that was converted to investment in partnership (see also Note 8).

(2) Operating advances include payroll and related costs that are generally reimbursed on a monthly basis.

NOTE 8 – INVESTMENT IN OTHER COMPANIES

CHP is a member, and has financial interests in the following California limited liability companies and limited partnerships as of and for the years ended June 30, 2010 and 2009:

<u>Percentage of Ownership</u>	<u>Name of Entities</u>	<u>2010</u>			<u>2009</u>		
		<u>Income (Loss)</u>	<u>Adjustments</u>	<u>Financial Interest</u>	<u>Income (Loss)</u>	<u>Adjustments</u>	<u>Financial Interest</u>
100%	Treasure Island Family Services Space, LLC ⁽¹⁾	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
100%	CHP Essex, LLC ⁽²⁾	(44)	-	498,807	(61)	486,675 ⁽⁸⁾	498,851
100%	CHP Fulton, LLC ⁽³⁾	-	-	49	-	-	49
100%	CHP San Cristina, LLC ⁽⁴⁾	-	-	-	-	-	-
50%	CHP Eddy, LLC ⁽⁵⁾	(65)	(9,999)	64,711	-	27,500	74,775
50%	CHP Ardent, LLC ⁽⁶⁾	(400)	-	334,057	-	-	334,457
50%	Folsom Essex, LLC ⁽⁷⁾	(400)	5,000	4,600	-	-	-
		<u>\$ (909)</u>	<u>\$ (4,999)</u>	<u>\$ 902,224</u>	<u>\$ (61)</u>	<u>\$ 514,175</u>	<u>\$ 908,132</u>

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- (1) CHP is the sole member of Treasure Island Family Services Space, LLC. This entity was formed to manage properties.
- (2) CHP is the sole member of CHP Essex, LLC, which is a co-general partner with Mercy Housing West, each owning a .005% interest in Essex Hotel, LP. Mercy Housing West withdrew from the limited partnership effective September 13, 2010, leaving CHP Essex LLC as the sole general partner.
- (3) CHP is the sole member of CHP Fulton, LLC, which was organized on August 23, 2007 to be the co-general partner with Mercy Housing West, in 365 Fulton, LP. Mercy Housing West intends to withdraw from the partnership after the project is constructed and upon the approval of the applicable regulatory agencies.
- (4) CHP is the sole member of CHP San Cristina, LLC, which was organized on May 29, 2009 to be the initial general partner in San Cristina, LP. CHP is the initial limited partner. There was no financial activity during the year ended June 30, 2010.
- (5) CHP is a co-member of CHP Eddy, LLC with the Tenderloin Neighborhood Development Corporation (TNDC), which is the general partner of 650 Eddy, L.P. and owns a 0.01% interest in the partnership. TNDC intends to withdraw its membership interest in CHP Eddy, LLC upon the approval of the applicable regulatory agencies.
- (6) CHP is a co-member of CHP Arendt, LLC with TNDC which is the general partner of Arendt House, L.P. and owns a 0.01% interest in the partnership. TNDC intends to withdraw its membership interest in CHP Arendt, LLC upon the approval of the applicable regulatory agencies.
- (7) CHP is a co-member of Folsom Essex, LLC with MCB Family Housing, Inc. The limited liability company was formed on July 22, 2009 to serve as the general partner of a limited partnership that will develop the Transbay 11A project. The limited partnership has not been formed as of June 30, 2010.
- (8) Included in the adjustment was a developer fee note receivable, including accrued interest, of \$473,397 that was converted to an investment in partnership (see Note 7).

The financial position of the partnerships and other companies are as follows:

	<u>2010</u>	<u>2009</u>
Total assets	<u>\$ 66,657,782</u>	<u>\$ 51,616,644</u>
Total liabilities	\$ 47,754,507	\$ 43,450,345
Partners' and member's equity	<u>18,903,275</u>	<u>8,166,299</u>
Total	<u>\$ 66,657,782</u>	<u>\$ 51,616,644</u>

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NOTE 9 – NOTES PAYABLE

Notes payable are secured by the property unless otherwise noted and consist of the following:

	2010		2009	
	<i>Accrued Interest</i>	<i>Principal</i>	<i>Accrued Interest</i>	<i>Principal</i>
<u>Senator Hotel</u>				
Department of Housing and Community Development Multifamily Housing Program (MHP), in the original amount of \$4,294,690, bears simple interest at 3% per annum. The loan requires an annual payment equal to .42% of the unpaid principal balance over 30 years, and principal and interest payments thereafter until maturity in 2061. Additional payments are to be made from net cash flow. Interest expense was \$128,841 for both 2010 and 2009.	\$ 401,477	\$ 4,294,690	\$ 308,712	\$ 4,294,690
San Francisco Redevelopment Agency, Rental Housing Acquisition and Rehabilitation Program, in the original amount of \$907,037 (which includes \$301,667 principal, \$312,246 interest accumulated and \$293,124 available for elevator rehabilitation), and was increased in September 2006 by \$440,495. The \$907,037 portion of the loan bears interest at 8% compounded annually, and matures in March 2053. The \$440,495 portion of the loan bears no interest and matures in March 2053. Additional payments are to be made from net cash flow. Interest expense was \$117,415 ⁽¹⁾ and \$84,185 ⁽¹⁾ in 2010 and 2009, respectively.	678,116	1,347,532	571,050	1,347,532
<u>San Cristina Hotel</u>				
State of California Department of Housing and Community Development, California Housing Rehabilitation Program, in the original amount of \$1,750,000, bears simple interest at 3% per annum, due in February 2047, but is deferred upon the approval of the lender. Interest expense was \$52,500 in 2010 and 2009.	745,751	1,750,000	693,251	1,750,000

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	2010		2009	
	<i>Accrued Interest</i>	<i>Principal</i>	<i>Accrued Interest</i>	<i>Principal</i>
Berkadia Commercial Mortgage (formerly Citibank), in the original amount of \$1,175,000, bears a variable rate of interest not to exceed 9.21% per annum (currently at 3.25%), payable in monthly installments (currently at \$5,455) and matures in May 2024. Interest expense was \$24,405 and \$25,823 in 2010 and 2009, respectively.	-	731,929	-	772,986
<u><i>Iroquois Hotel</i></u> City and County of San Francisco, in the original amount of \$1,500,000, bears simple interest at 6% per annum. Interest will be accrued, but no interest and principal are due in the first 15 years of the term. The monthly repayment amount will be determined thereafter, and any remaining obligation will be forgiven upon maturity in April 2070. Interest expense was \$90,000 in 2010 and 2009.	1,365,000	1,500,000	1,275,000	1,500,000
Berkadia Commercial Mortgage (formerly Citibank), in the original amount of \$1,555,400, bears an adjustable rate of interest not to exceed 11.95% per annum (currently at 6.25%), payable in monthly installments (currently at \$14,232) and matures in March 2012. Interest expense was \$21,940 and \$31,659 in 2010 and 2009, respectively.	-	281,633	-	430,473
<u><i>Island Bay Homes</i></u> City and County of San Francisco, in the amount of \$997,409, with an initial interest rate of 7.75% compounded quarterly for the first 24 months, adjusting to 4% simple interest through July 1 st , 2007, and to 2.33% simple interest thereafter. All principal and interest due at maturity in April 2017. Payments are made from residual receipts, as defined. Interest expense was \$23,240 ⁽¹⁾ and \$103,526 ⁽²⁾ in 2010 and 2009, respectively.	256,585	997,409	266,663	997,409

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	2010		2009	
	<i>Accrued Interest</i>	<i>Principal</i>	<i>Accrued Interest</i>	<i>Principal</i>
<u><i>Cambridge Development</i></u>				
City and County of San Francisco in the original amount of \$1,236,525, bears no interest, and is due at the earliest of: (a) February 16, 2013, (b) the date the permanent loan for the project closes, or (c) the date the purchase agreement is terminated. The loan is secured by assignment of the purchase agreement.	-	659,380	-	260,254
Enterprise Community Partners, Inc. in the original amount of \$25,000, unsecured, bears no interest, and is due at the earliest of: (a) October 28, 2010, (b) the date the permanent loan for the project closes, or (c) the date on which Borrower secures refinancing for the Project.	-	25,000	-	-
<u><i>Demand Notes Payable</i></u>				
Payable to CHP Eddy, LLC, on demand, without interest, the obligation shall terminate on the earlier to occur of: (a) removal of CHP as member of CHP Eddy, LLC, or (b) the termination of CHP Eddy, LLC or 2055.	-	25,000	-	25,000
Payable to CHP Arendt, LLC, on demand, without interest, the obligation shall terminate on the earlier to occur of: (a) removal of CHP as a member of CHP Arendt, LLC, or (b) the termination of CHP Arendt, LLC or 2061.	-	25,000	-	25,000
Total	3,483,005	11,637,573	3,114,676	11,403,344
Less: current portion	(36,076)	(199,888)	(18,038)	(188,945)
Long-term portion	\$ 3,446,929	\$ 11,437,685	\$ 3,096,638	\$ 11,214,399

CHP has entered into \$20,000 demand note agreements with CHP Fulton, LLC and CHP Essex, LLC, respectively. These demand notes were eliminated in these consolidated financial statements.

- (1) The applicable interest rate was modified by agreement with the City and County of San Francisco. Please refer to Note 14.
- (2) Accrued interest payable at June 30, 2009 was adjusted to amounts confirmed by the San Francisco Redevelopment Agency and the City and County of San Francisco, respectively.

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Principal payments on notes payable for the next five years are subject to changes in net cash flow and are estimated as follows:

2011	\$	199,888
2012		167,732
2013		305,387
2014		46,623
2015		48,159

NOTE 10 – LINE OF CREDIT

Community Housing Partnership has a \$300,000 line of credit with Citibank, of which \$300,000 and \$-0- was outstanding as of June 30, 2010 and 2009, respectively. Advances on the credit line carry a variable interest rate at the bank's index, + 1%, or 4.25% at June 30, 2010. The line of credit is secured by all property and assets of the organization, as defined in the security agreement. The line has no expiration date and is renewed annually upon payment of an annual fee of \$3,000.

NOTE 11 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	<i>2010</i>			
	<i>June 30, 2009</i>	<i>Contributions</i>	<i>Released from restrictions</i>	<i>June 30, 2010</i>
Specific programs and time restrictions	\$ 545,000	\$ 462,935	\$ (685,075)	\$ 322,860
Recoverable contributions for the purchase and rehabilitation of (see Note 13):				
Senator Hotel	1,519,000	-	-	1,519,000
San Cristina Hotel	2,116,506	-	-	2,116,506
Iroquois Hotel	2,265,000	-	-	2,265,000
	<u>\$ 6,445,506</u>	<u>\$ 462,935</u>	<u>\$ (685,075)</u>	<u>\$ 6,223,366</u>

	<i>2009</i>			
	<i>June 30, 2008</i>	<i>Contributions</i>	<i>Released from restrictions</i>	<i>June 30, 2009</i>
Specific programs and time restrictions	\$ 527,298	\$ 389,000	\$ (371,298)	\$ 545,000
Recoverable contributions for the purchase and rehabilitation of (see Note 13):				
Senator Hotel	1,519,000	-	-	1,519,000
San Cristina Hotel	2,116,506	-	-	2,116,506
Iroquois Hotel	2,265,000	-	-	2,265,000
	<u>\$ 6,427,804</u>	<u>\$ 389,000</u>	<u>\$ (371,298)</u>	<u>\$ 6,445,506</u>

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NOTE 12 – ISLAND BAY HOMES

CHP subleases the Island Bay Homes property from the Treasure Island Development Authority (TIDA) (who leases it from the U.S. Department of Navy) for the purpose of overseeing the rehabilitation of the property to benefit eligible tenants. CHP is responsible for all costs related to the use of the premises, which consisted of 24 rental units as of June 30, 2007. On July 17, 2007, CHP took the leasehold possession of an additional 42 units on Treasure Island, which increased the Island Bay Homes unit count to 66 units at June 30, 2008. The first 23 tenants must qualify for Section 8 rental assistance, 8 tenants participate in the Shelter Plus Care Program, 33 tenants are subsidized through the Local Operating Subsidy Program, and 2 units are reserved for site staff. The term of the sublease commenced on March 11, 2001 and expires on August 31, 2014. There is no provision for the payment of rent in the sublease agreement. CHP has an option to purchase the property under the Base Closure Agreement with the Treasure Island Homeless Development Initiative (TIHDI), of which CHP is a member. The option allows CHP to obtain an equal number of comparable units on Treasure Island in the event that TIDA requires TIHDI to relinquish the housing to accommodate development of the parcel subleased by CHP.

CHP records no rent expense under this arrangement, and has estimated that there is no monetary value from this sublease.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

CHP received funding of \$1,175,000, \$2,116,506, and \$1,500,000 from the San Francisco Redevelopment Agency and the Mayor's Office of Housing for the acquisition and rehabilitation of the Senator Hotel, the San Cristina Hotel, and the Iroquois Hotel, respectively. An additional \$400,000 was received from HUD, and \$365,000 was received from the Affordable Housing Program for rehabilitation of the Iroquois Hotel as well as \$344,000 for the rehabilitation of the Senator Hotel, respectively. Terms of these grants stipulate that the funds are recoverable by the San Francisco Redevelopment Agency, the Mayor's Office of Housing, CFB, FHLBSF or HUD in the event that certain specific covenants and restrictions of the awards are violated. These contributions are included in temporarily restricted net assets.

CHP leases its main office facility under a two-year lease agreement that expired December 31, 2007, and executed the option to renew the lease for two additional two-year terms that expire December 31, 2011. The monthly rent for the initial term and the first renewal period is \$4,018, and during the second renewal period will be subject to negotiation based on a fair market rental value. In addition, CHP leases office space for the general office of its social service programs under a 54-month lease agreement that expires December 31, 2011. The following represents the future minimum lease payments over the remaining lease terms:

2010	\$	118,232
2011		122,512
2012		66,734

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CHP has provided loan and operating deficit guarantees as well as indemnifications with regard to tax credit benefits projected for its affiliates and projects. CHP does not require any collateral or other security from its affiliates and projects related to these guarantees. Management believes that the likelihood of funding a material amount of any of the guarantees is remote. A summary of these guarantees as of June 30, 2010 follows:

<i>Project</i>	<i>OPERATING DEFICIT GUARANTEE</i>		<i>TAX CREDIT INDEMNIFICATION</i>	
	<i>Maximum Amount</i>	<i>Expiration</i>	<i>Projected Credits</i>	<i>15-year Compliance Expiration</i>
Arendt, L.P.	\$ 331,070	(1)	\$ 4,445,660	2024
Essex Hotel, LP	500,000	(2)	6,263,280	2022
650 Eddy, LP	600,000	(3)	10,884,559	2023
Total	<u>\$ 1,431,070</u>		<u>\$ 21,593,499</u>	

- (1) The obligation shall terminate on the later of (i) the fifth (5th) anniversary of the date of achievement of Breakeven Operations, (ii) the fifth (5th) anniversary of the closing of or conversion to the Permanent Loan, or (iii) the date upon which the Partnership achieves five consecutive calendar years during which there is a Expense Coverage Ratio of 1.15 or better for each year the Operating Reserve is fully funded.
- (2) The obligation shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at breakeven for at least three calendar years following stabilization as defined; and (ii) the balance in the Operating Reserve equals or exceeds \$190,954.
- (3) The guarantee shall only apply during any period during which the Project is not fully subsidized under the LOSP. If the Project maintains a 1.15 Service Coverage Ratio for twelve consecutive months, the Operating Deficit Loan Limit shall be reduced by one-third per year beginning with the first fiscal year in which a 1.15 Debt Service Coverage Ratio is achieved. This reduction in the Operating Deficit Loan Limit will be suspended in any fiscal year that a 1.15 Debt Service Coverage Ratio is not achieved and shall resume only once a 1.15 Debt Service Coverage Ratio has been fully restored for a subsequent fiscal year.

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

CHP will be responsible for repaying a loan if, when the loan becomes due, the respective affiliate or project does not make payment on the loan.

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2010 AND 2009

NOTE 14 – SUBSEQUENT EVENTS

Purchase of Edward II property

In June, 2010 Community Housing Partnership advanced \$355,412, funded through a line of credit advance and operating cash, to facilitate the purchase of the Edward II property by CHP Scott Street, LLC. CHP is the sole member of CHP Scott Street, LLC. Upon close of escrow in July 2010 and acquisition of the property, the Organization recovered \$350,000 from escrow. The remaining funds of \$5,412 were used to pay for costs incurred with the acquisition. The property was acquired for total consideration of \$3,450,000 and was financed through a first loan with the Opportunity Fund of Northern California in the amount \$2,600,661 and a second loan from the City and County of San Francisco of \$1,716,508. Loan proceeds were used to fund the acquisition, reimburse the Organization for its deposit, pay for closing costs and establish a lender reserve.

Island Bay Homes loan restructuring and LOSP Agreement

In October 2010, the Organization restructured the CHP loan agreement with the City and County of San Francisco in connection with CHP's leasehold possession of 66 units referred to as the Island Bay Homes ("IBH"). The restructuring provides for a retroactive reduction of the interest rate, effective July 1, 2007, of 4% per annum to 2.33% per annum, simple interest. Accordingly, CHP has recorded interest forgiveness on the loan of approximately \$33,313 for the period covering July 1, 2007 through June 30, 2010. The forgiveness is included in other income for the fiscal year ended June 30, 2010.

In accordance with terms of the loan restructuring, all replacement reserve deposits are suspended for the fiscal year ended June 30, 2011, to be resumed in the fiscal year ended June 30, 2012 with a required annual deposit of \$500 per unit.

CHP is also now entitled to a \$12,000 annual sponsor distribution, to the extent permitted under the Base Closure Agreement, provided that certain precedent conditions are satisfied as described in the restructured loan agreement.

Concurrent with the loan restructuring, CHP was awarded a Local Operating Subsidy Program ("LOSP") grant which provides maximum funding of \$2,619,077 over a nine year term, commencing July 1, 2010. The nine-year cash flow subsidy is expected to satisfy CHP's projected operating cost and cash flow shortfalls during the term. The grant agreement provides for certain tenant eligibility and rent restriction requirements, among other matters.

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED SCHEDULES OF FINANCIAL POSITION
YEARS ENDED JUNE 30, 2010 AND 2009

	2010														Total
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Cambridge	Investment in CHP Arendt, LLC	Investment in CHP Eddy, LLC	Investment in Folsom Essex LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC	Eliminations	
Assets:															
Current assets															
Cash	\$ 962,760	\$ 116,321	\$ 359,508	\$ 213,693	\$ 238,702	\$ 91,051	\$ 6,113	\$ -	\$ -	\$ -	\$ 4,376	\$ -	\$ -	\$ -	\$ 1,992,524
Receivables:															
Government grants	756,406	56,163	-	-	-	-	-	-	-	-	-	-	-	-	812,569
Contract services	85,507	95,425	-	-	-	-	-	-	-	-	-	-	-	-	180,932
Contributions – current portion	152,500	70,000	-	-	-	-	-	-	-	-	-	-	-	-	222,500
Related-parties – current portion	128,825	-	-	-	-	-	-	-	-	-	-	-	-	-	128,825
Rent, subsidy and other	1,917	-	24,756	5,439	22,071	24,934	-	-	-	-	14,077	-	-	-	93,194
Escrow deposit	355,412	-	-	-	-	-	-	-	-	-	-	-	-	-	355,412
Prepaid expenses	224,964	2,575	1,366	595	4,873	7,288	-	-	-	-	-	-	-	-	241,661
Total current assets	2,668,291	340,484	385,630	219,727	265,646	123,273	6,113	-	-	-	18,453	-	-	-	4,027,617
Receivables:															
Contributions – net of current portion	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Related parties – net of current portion	934,376	-	-	-	-	-	-	-	-	-	10,000	20,000	20,000	(50,000)	934,376
Restricted deposits:															
Replacement and operating reserves	-	-	568,800	350,528	494,442	504,914	-	-	-	-	-	-	-	-	1,918,684
Security deposits	-	-	16,391	29,784	14,382	21,655	-	-	-	-	-	-	-	-	82,212
Property and equipment – net	100,659	18,694	7,592,729	3,896,052	4,237,820	551,055	613,963	-	-	-	-	-	-	-	17,010,972
Investments in other companies	49	-	-	-	-	-	-	334,057	64,711	4,600	-	498,758	49	-	902,224
Total assets	\$ 3,703,375	\$ 359,178	\$ 8,563,550	\$ 4,496,091	\$ 5,012,290	\$ 1,200,897	\$ 620,076	\$ 334,057	\$ 64,711	\$ 4,600	\$ 28,453	\$ 518,758	\$ 20,049	\$ (50,000)	\$ 24,876,085
Liabilities and net assets:															
Current liabilities:															
Accounts payable and accrued expenses	\$ 770,514	\$ 14,996	\$ 18,927	\$ 30,900	\$ 18,084	\$ 38,310	\$ 49,030	\$ -	\$ -	\$ -	\$ 10,189	\$ 3,200	\$ 1,649	\$ -	\$ 955,799
Line of credit	300,000	-	-	-	-	-	-	-	-	-	-	-	-	-	300,000
Interest payable – current portion	-	-	36,076	-	-	-	-	-	-	-	-	-	-	-	36,076
Notes payable – current portion	-	-	-	42,296	157,592	-	-	-	-	-	-	-	-	-	199,888
Total current liabilities	1,070,514	14,996	55,003	73,196	175,676	38,310	49,030	-	-	-	10,189	3,200	1,649	-	1,491,763
Tenant security deposits															
Interest payable – net of current portion	-	-	16,596	29,666	14,703	20,804	-	-	-	-	-	-	-	-	81,769
Due (from) to other funds	63,468	27,216	1,553	11,392	3,351	312	(112,892)	-	-	-	5,600	-	-	-	-
Notes payable – net of current portion	100,000	-	5,642,222	2,439,633	1,624,041	997,409	684,380	-	-	-	-	-	-	(50,000)	11,437,685
Total non-current liabilities	163,468	27,216	6,739,964	3,226,442	3,007,095	1,275,110	571,488	-	-	-	5,600	-	-	(50,000)	14,966,383
Total liabilities	1,233,982	42,212	6,794,967	3,299,638	3,182,771	1,313,420	620,518	-	-	-	15,789	3,200	1,649	(50,000)	16,458,146
Net assets:															
Unrestricted	2,146,533	316,966	249,583	(920,053)	(435,481)	(112,523)	(442)	334,057	64,711	4,600	12,664	515,558	18,400	-	2,194,573
Temporarily restricted	322,860	-	1,519,000	2,116,506	2,265,000	-	-	-	-	-	-	-	-	-	6,223,366
Total net assets	2,469,393	316,966	1,768,583	1,196,453	1,829,519	(112,523)	(442)	334,057	64,711	4,600	12,664	515,558	18,400	-	8,417,939
Total liabilities and net assets	\$ 3,703,375	\$ 359,178	\$ 8,563,550	\$ 4,496,091	\$ 5,012,290	\$ 1,200,897	\$ 620,076	\$ 334,057	\$ 64,711	\$ 4,600	\$ 28,453	\$ 518,758	\$ 20,049	\$ (50,000)	\$ 24,876,085

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED SCHEDULES OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2010 AND 2009

	2009														Total
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Cambridge	Investment in CHP Arendt, LLC	Investment in CHP Eddy, LLC	Investment in Folsom Essex LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC	Eliminations	
Assets:															
Current assets															
Cash	\$ 1,297,165	\$ 184,718	\$ 391,000	\$ 229,965	\$ 345,082	\$ 99,783	\$ 9,664	\$ -	\$ -	\$ -	\$ (4,304)	\$ -	\$ -	\$ -	\$ 2,553,073
Receivables:															
Government grants	252,080	16,033	-	-	-	-	-	-	-	-	-	-	-	-	268,113
Contract services	89,835	53,870	-	-	-	-	-	-	-	-	-	-	-	-	143,705
Contributions – current portion	201,197	65,000	-	-	-	-	-	-	-	-	-	-	-	-	266,197
Related-parties – current portion	376,387	-	-	-	-	-	-	-	-	-	-	-	-	-	376,387
Rent, subsidy and other	17,262	-	11,102	1,726	16,834	57,025	-	-	-	-	20,061	-	-	-	124,010
Prepaid expenses	121,777	20,844	-	825	2,613	5,085	-	-	-	-	-	-	-	-	151,144
Total current assets	2,355,703	340,465	402,102	232,516	364,529	161,893	9,664	-	-	-	15,757	-	-	-	3,882,629
Receivables:															
Contributions – net of current portion	70,000	-	-	-	-	-	-	-	-	-	-	-	-	-	70,000
Related-parties – net of current portion	450,979	-	-	-	-	-	-	-	-	-	10,000	20,000	20,000	(50,000)	450,979
Restricted deposits:															
Replacement and operating reserves	-	-	516,693	343,191	444,171	568,056	-	-	-	-	-	-	-	-	1,872,111
Security deposits	-	-	17,171	28,996	14,997	20,199	-	-	-	-	-	-	-	-	81,363
Property and equipment – net	63,182	3,208	8,102,455	4,006,967	4,322,947	602,710	200,684	-	-	-	-	-	-	-	17,302,153
Investments in other companies	49	-	-	-	-	-	-	334,457	74,775	-	-	498,802	49	-	908,132
Total assets	\$ 2,939,913	\$ 343,673	\$ 9,038,421	\$ 4,611,670	\$ 5,146,644	\$ 1,352,858	\$ 210,348	\$ 334,457	\$ 74,775	\$ -	\$ 25,757	\$ 518,802	\$ 20,049	\$ (50,000)	\$ 24,567,367
Liabilities and net assets:															
Current liabilities:															
Accounts payable and accrued expenses	\$ 678,324	\$ 10,362	\$ 11,017	\$ 39,739	\$ 12,837	\$ 39,367	\$ 45,430	\$ -	\$ -	\$ -	\$ 8,108	\$ 3,200	\$ 1,649	\$ -	\$ 850,033
Interest payable – current portion	-	-	18,038	-	-	-	-	-	-	-	-	-	-	-	18,038
Notes payable – current portion	-	-	-	40,876	148,069	-	-	-	-	-	-	-	-	-	188,945
Total current liabilities	678,324	10,362	29,055	80,615	160,906	39,367	45,430	-	-	-	8,108	3,200	1,649	-	1,057,016
Tenant security deposits	-	-	16,422	29,004	15,311	20,531	-	-	-	-	-	-	-	-	81,268
Interest payable – net of current portion	-	-	861,724	693,251	1,275,000	266,663	-	-	-	-	-	-	-	-	3,096,638
Due (from) to other funds	(86,281)	124,090	22,386	24,438	20,168	(11,400)	(95,001)	-	-	1,600	-	-	-	-	-
Notes payable – net of current portion	100,000	-	5,642,222	2,482,110	1,782,404	997,409	260,254	-	-	-	-	-	-	(50,000)	11,214,399
Total non-current liabilities	13,719	124,090	6,542,754	3,228,803	3,092,883	1,273,203	165,253	-	-	1,600	-	-	-	(50,000)	14,392,305
Total Liabilities	692,043	134,452	6,571,809	3,309,418	3,253,789	1,312,570	210,683	-	-	-	9,708	3,200	1,649	(50,000)	15,449,321
Net assets:															
Unrestricted	1,702,870	209,221	947,612	(814,254)	(372,145)	40,288	(335)	334,457	74,775	-	16,049	515,602	18,400	-	2,672,540
Temporarily restricted	545,000	-	1,519,000	2,116,506	2,265,000	-	-	-	-	-	-	-	-	-	6,445,506
Total net assets	2,247,870	209,221	2,466,612	1,302,252	1,892,855	40,288	(335)	334,457	74,775	-	16,049	515,602	18,400	-	9,118,046
Total liabilities and net assets	\$ 2,939,913	\$ 343,673	\$ 9,038,421	\$ 4,611,670	\$ 5,146,644	\$ 1,352,858	\$ 210,348	\$ 334,457	\$ 74,775	\$ -	\$ 25,757	\$ 518,802	\$ 20,049	\$ (50,000)	\$ 24,567,367

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED SCHEDULES OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009

	2010													Eliminations	Total	
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Cambridge	Investment in CHP Arendt, LLC	Investment in CHP Eddy, LLC	Investment in Folsom Essex LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC			
Revenue and other support:																
Government grants	\$ 3,341,181	\$ 207,595	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Contributions	704,250	171,435	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Contract services income	484,754	643,318	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Rent subsidy revenue	-	-	629,949	475,902	593,413	527,154	-	-	-	-	-	-	-	-	-	-
Rent revenue from tenants	-	-	308,924	236,165	258,265	277,750	-	-	-	-	-	-	-	-	-	-
Vacancy loss	-	-	(42,934)	(12,430)	(23,970)	(36,631)	-	-	-	-	-	-	-	-	-	-
Developer fees	590,678	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property management expense reimbursements	1,665,601	-	-	-	-	-	-	-	-	-	49,200	-	-	-	-	-
Income (loss) from investments in other companies	4,999	-	-	-	-	-	(400)	(10,064)	4,600	-	(44)	-	-	-	-	-
Interest and other income	805,620	47,406	37,678	26,199	50,932	38,447	-	-	-	-	2,784	-	-	-	(870,576)	138,490
Total revenue and other support	7,597,083	1,069,754	933,617	725,836	878,640	806,720	-	(400)	(10,064)	4,600	51,984	(44)	-	-	(870,576)	11,187,150
Expenses:																
Program services and special projects before deferred interest and depreciation:	5,873,517	960,955	875,664	662,665	752,918	869,687	107	-	-	-	55,369	-	-	-	(870,576)	9,180,306
Management and general	1,218,870	-	-	-	-	-	-	-	-	-	-	-	-	-	-	1,218,870
Fundraising	277,420	-	-	-	-	-	-	-	-	-	-	-	-	-	-	277,420
Total expenses, before deferred interest and depreciation	7,369,807	960,955	875,664	662,665	752,918	869,687	107	-	-	-	55,369	-	-	-	(870,576)	10,676,596
Change in net assets before deferred interest and depreciation	227,276	108,799	57,953	63,171	125,722	(62,967)	(107)	(400)	(10,064)	4,600	(3,385)	(44)	-	-	-	510,554
Deferred interest	-	-	246,256	52,500	90,000	23,240	-	-	-	-	-	-	-	-	-	411,996
Depreciation	5,753	1,054	509,726	116,470	99,058	66,604	-	-	-	-	-	-	-	-	-	798,665
	5,753	1,054	755,982	168,970	189,058	89,844	-	-	-	-	-	-	-	-	-	1,210,661
Change in net assets	221,523	107,745	(698,029)	(105,799)	(63,336)	(152,811)	(107)	(400)	(10,064)	4,600	(3,385)	(44)	-	-	-	(700,107)
Net assets, beginning of year	2,247,870	209,221	2,466,612	1,302,252	1,892,855	40,288	(335)	334,457	74,775	-	16,049	515,602	18,400	-	-	9,118,046
Net assets, end of year	\$ 2,469,393	\$ 316,966	\$ 1,768,583	\$ 1,196,453	\$ 1,829,519	\$ (112,523)	\$ (442)	\$ 334,057	\$ 64,711	\$ 4,600	\$ 12,664	\$ 515,558	\$ 18,400	\$ -	\$ -	\$ 8,417,939

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED SCHEDULES OF ACTIVITIES
YEARS ENDED JUNE 30, 2010 AND 2009

	2009													Total	
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Cambridge	Investment in CHP Arendt, LLC	Investment in CHP Eddy, LLC	Investment in Folsom Essex LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC		Eliminations
Revenue and other support:															
Government grants	\$ 3,047,268	\$ 118,454	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,165,722
Contributions	899,030	168,665	-	-	-	-	-	-	-	-	486,675	-	(486,675)	1,067,695	
Contract services income	397,524	313,807	-	-	-	-	-	-	-	-	-	-	(26,074)	685,257	
Rent subsidy revenue	-	-	660,425	470,118	618,485	584,297	-	-	-	-	-	-	-	2,333,325	
Rent revenue from tenants	-	-	272,811	218,030	227,036	259,708	-	-	-	-	-	-	-	977,585	
Vacancy loss	-	-	(10,670)	(12,884)	(9,893)	(17,585)	-	-	-	-	-	-	-	(51,032)	
Developer fees	460,399	-	-	-	-	-	-	-	-	-	-	-	-	460,399	
Property management expense reimbursements	1,131,076	-	-	-	-	-	-	-	-	150,495	-	-	-	1,281,571	
Income (loss) from investments in other companies	(27,500)	-	-	-	-	-	-	27,500	-	-	(61)	-	-	(61)	
Interest and other income	679,804	1,340	29,432	38,483	31,714	28,462	-	-	-	(11,674)	-	-	(752,642)	44,919	
Total revenue and other support	6,587,601	602,266	951,998	713,747	867,342	854,882	-	27,500	-	138,821	486,614	-	(1,265,391)	9,965,380	
Expenses:															
Program services and special projects before deferred interest and depreciation:	5,279,164	602,722	755,644	631,675	687,843	764,498	335	-	-	141,605	800	800	(1,265,391)	7,599,695	
Management and general	1,148,023	-	-	-	-	-	-	-	-	-	-	-	-	1,148,023	
Fundraising	240,198	-	-	-	-	-	-	-	-	-	-	-	-	240,198	
Total expenses, before deferred interest and depreciation	6,667,385	602,722	755,644	631,675	687,843	764,498	335	-	-	141,605	800	800	(1,265,391)	8,987,916	
Change in net assets before deferred interest and depreciation	(79,784)	(456)	196,354	82,072	179,499	90,384	(335)	27,500	-	(2,784)	485,814	(800)	-	977,464	
Deferred interest	-	-	213,026	52,500	79,336	103,526	-	-	-	-	-	-	-	448,388	
Depreciation	6,354	292	509,726	116,611	93,474	83,081	-	-	-	-	-	-	-	809,538	
	6,354	292	722,752	169,111	172,810	186,607	-	-	-	-	-	-	-	1,257,926	
Change in net assets	(86,138)	(748)	(526,398)	(87,039)	6,689	(96,223)	(335)	27,500	-	(2,784)	485,814	(800)	-	(280,462)	
Net assets, beginning of year	2,334,008	209,969	2,993,010	1,389,291	1,886,166	136,511	-	334,457	47,275	-	18,833	29,788	19,200	9,398,508	
Net assets, end of year	\$ 2,247,870	\$ 209,221	\$ 2,466,612	\$ 1,302,252	\$ 1,892,855	\$ 40,288	\$ (335)	\$ 334,457	\$ 74,775	\$ -	\$ 16,049	\$ 515,602	\$ 18,400	\$ 9,118,046	

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

**REPORTING REQUIREMENTS FOR THE
MULTI FAMILY HOUSING PROGRAM (MHP)**

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

REPORT OF ACTUAL OPERATING COSTS

YEAR ENDED JUNE 30, 2010

Multi-Family Housing Program (MHP)
REPORT OF ACTUAL OPERATING COSTS

Reporting Period: 7/1/2009 to 06/30/2010

Contract No: 02-MHP-113
Project Name: Senator
Prepared by:
Date Prepared:

Units/Sq. Ft. - Assisted: 89
Units/Sq. Ft. - Total: 89
Unit Months: 1,068

ACCOUNT NAME	ACCOUNT CODES	UNIT EXPENSES						PROJECT TOTALS		
		Approved Assisted (A)	Actual Assisted	Approved Non-Assisted	Actual Non-Assisted	Proposed Commercial	Actual Commercial	Approved Total Expenses	Total Actual Expenses (B)	Project Variance (C)
MANAGEMENT FEE: 6200/6300										
1 Management Fee or Sponsor Overhead	6320	48,060	48,060	0	0	0	0	48,060	48,060	0
ADMINISTRATIVE EXPENSES: 6200/6300										
2 Advertising	6210	0	0	0	0	0	0	0	0	0
3 Apartment Resale Expense (Cooperatives)	6235	0	0	0	0	0	0	0	0	0
4 Other Renting Expenses	6250	200	0	0	0	0	0	200	0	200
5 Office Salaries	6310	35,873	35,375	0	0	0	0	35,873	35,375	498
6 Office Supplies	6311	2,100	7,465	0	0	0	0	2,100	7,465	(5,365)
7 Office or Model Apartment Rent	6312	0	0	0	0	0	0	0	0	0
8 Manager and Superintendent Salaries	6330	42,941	41,949	0	0	0	0	42,941	41,949	992
9 Manager's or Superintendent's Rent Free Unit	6331	0	0	0	0	0	0	0	0	0
10 Legal Expense - Project	6340	2,400	4,125	0	0	0	0	2,400	4,125	(1,725)
11 Audit Expense - Project	6350	2,281	2,402	0	0	0	0	2,281	2,402	(121)
12 Bookkeeping Fees/Accounting Services	6351	10,680	10,680	0	0	0	0	10,680	10,680	0
13 Telephone and Answering Service Expenses	6360	2,000	4,205	0	0	0	0	2,000	4,205	(2,205)
14 Bad Debt Expense	6370	7,587	12,601	0	0	0	0	7,587	12,601	(5,014)
15 Miscellaneous Administrative Expenses (specify)	6390	7,491	8,506	0	0	0	0	7,491	8,506	(1,015)
16 TOTAL ADMINISTRATIVE EXPENSES	6200/6300T	113,553	127,308	0	0	0	0	113,553	127,308	(13,755)
UTILITIES EXPENSES: 6400										
17 Fuel Oil/Coal	6420	0	0	0	0	0	0	0	0	0
18 Electricity	6450	26,000	28,049	0	0	0	0	26,000	28,049	(2,049)
19 Water	6451	16,000	18,300	0	0	0	0	16,000	18,300	(2,300)
20 Gas	6452	36,000	35,302	0	0	0	0	36,000	35,302	698
21 Sewer	6453	37,500	40,705	0	0	0	0	37,500	40,705	(3,205)
22 TOTAL UTILITIES EXPENSES	6400T	115,500	122,356	0	0	0	0	115,500	122,356	(6,856)
OPERATING AND MAINTENANCE EXPENSES: 6500										
23 Janitor and Cleaning Payroll	6510	32,580	33,011	0	0	0	0	32,580	33,011	(431)
24 Janitor and Cleaning Supplies	6515	12,000	10,638	0	0	0	0	12,000	10,638	1,362
25 Janitor and Cleaning Contracts	6517	0	0	0	0	0	0	0	0	0
26 Exterminating Payroll/Contract	6519	12,000	17,504	0	0	0	0	12,000	17,504	(5,504)
27 Exterminating Supplies	6520	0	0	0	0	0	0	0	0	0
28 Garbage and Trash Removal	6525	33,350	24,375	0	0	0	0	33,350	24,375	8,975
29 Security Payroll/Contract	6530	138,491	138,186	0	0	0	0	138,491	138,186	305
30 Grounds Payroll	6535	0	0	0	0	0	0	0	0	0
31 Grounds Supplies	6536	0	0	0	0	0	0	0	0	0
32 Grounds Contract	6537	0	0	0	0	0	0	0	0	0
33 Repairs Payroll	6540	46,372	47,731	0	0	0	0	46,372	47,731	(1,359)
34 Repairs Material	6541	8,750	13,938	0	0	0	0	8,750	13,938	(5,188)
35 Repairs Contract	6542	37,450	42,055	0	0	0	0	37,450	42,055	(4,605)
36 Elevator Maintenance/Contract	6545	4,250	4,464	0	0	0	0	4,250	4,464	(214)
37 Heating/Cooling Repairs and Maintenance	6546	0	0	0	0	0	0	0	0	0
38 Swimming Pool Maintenance/Contract	6547	0	0	0	0	0	0	0	0	0
39 Snow Removal	6548	0	0	0	0	0	0	0	0	0
40 Decorating/Payroll Contract	6560	0	0	0	0	0	0	0	0	0
41 Decorating Supplies	6561	0	0	0	0	0	0	0	0	0
42 Vehicle and Maint. Equipment Operation/Repairs	6570	0	0	0	0	0	0	0	0	0
43 Misc. Operating and Maintenance Expenses (specify)	6590	13,500	18,409	0	0	0	0	13,500	18,409	(4,909)
44 TOTAL OPERATING & MAINTENANCE EXPENSES	6500T	338,743	350,311	0	0	0	0	338,743	350,311	(11,568)
TAXES AND INSURANCE: 6700										
45 Real Estate Taxes	6710	0	0	0	0	0	0	0	0	0
46 Payroll Taxes (Project's Share)	6711	32,338	28,815	0	0	0	0	32,338	28,815	3,523
47 Misc. Taxes, Licenses and Permits	6719	4,250	4,812	0	0	0	0	4,250	4,812	(562)
48 Property and Liability Insurance (Hazard)	6720	37,726	31,284	0	0	0	0	37,726	31,284	6,442
49 Fidelity Bond Insurance	6721	0	0	0	0	0	0	0	0	0
50 Worker's Compensation	6722	26,947	19,168	0	0	0	0	26,947	19,168	7,779
51 Health Insurance and Other Employee Benefits	6723	67,601	64,444	0	0	0	0	67,601	64,444	3,157
52 Other Insurance	6729	0	0	0	0	0	0	0	0	0
53 TOTAL TAXES AND INSURANCE	6700T	168,862	148,523	0	0	0	0	168,862	148,523	20,339
ASSISTED LIVING/BOARD & CARE EXPENSES: 6900										
54 Food	6932	0	0	0	0	0	0	0	0	0
55 Recreation and Rehabilitation	6980	0	0	0	0	0	0	0	0	0
56 Rehabilitation Salaries	6983	0	0	0	0	0	0	0	0	0
57 Other Service Expenses	6990	36,720	36,720	0	0	0	0	36,720	36,720	0
58 TOTAL ASSISTED LIVING EXPENSES	6900T	36,720	36,720	0	0	0	0	36,720	36,720	0
61 TOTAL OPERATING COSTS		821,438	833,278	0	0	0	0	821,438	833,278	(11,840)

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

ACTUAL CASH FLOW ANALYSIS

YEAR ENDED JUNE 30, 2010

Multi-Family Housing Program (MHP)

ACTUAL CASH FLOW ANALYSIS

Reporting Period: 07/01/2009 to 06/30/2010

Contract No: 02-MHP-113
 Project Name: Senator
 Prepared by:
 Date Prepared:

Units/Sq. Ft. - Assisted: 89
 Units/Sq. Ft. - Total: 89
 Unit Months: 1,068

ACCOUNT NAME	Account Codes	ASSISTED UNITS		NON-ASSISTED UNITS		COMMERCIAL		TOTAL PROJECT		PROJECT VARIANCE
		Approved Cashflow (A)	Actual Cashflow (B)	Approved Cashflow (C)	Actual Cashflow (D)	Proposed Cashflow (E)	Actual Cashflow (F)	Approved Cashflow (G)	Actual Cashflow (H)	Cashflow Variance (I)
REVENUE ACCOUNTS/RENT REVENUE: 5100										
1 Rent Revenue	5120	252,907	270,000	0	0	0	0	252,907	270,000	17,093
2 Tenant Assistance Payments	5121	702,921	629,949	0	0	0	0	702,921	629,949	(72,972)
3 Rent revenue - Stores and Commercial	5140	0	0	0	0	0	0	0	0	0
4 Garage and Parking Spaces	5170	0	0	0	0	0	0	0	0	0
5 Flexible Subsidy Revenue	5185	0	0	0	0	0	0	0	0	0
6 Miscellaneous Rent Revenue	5190	0	19,200	0	0	0	0	0	19,200	19,200
7 Excess Rent	5191	0	0	0	0	0	0	0	0	0
8 Rent Revenue/Insurance	5192	0	0	0	0	0	0	0	0	0
9 Special Claims Revenue	5193	0	0	0	0	0	0	0	0	0
10 Retained Excess Income	5194	0	0	0	0	0	0	0	0	0
11 GROSS RENT REVENUE	5100T	955,828	919,149	0	0	0	0	955,828	919,149	(36,679)
<i>Total Vacancies (HCD Use Only)</i>	<i>5200T</i>	<i>28,680</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>28,680</i>	<i>0</i>	<i>0</i>
ASSISTED LIVING/BOARD & CARE REVENUES: 5300										
17 Food	5332	0	0	0	0	0	0	0	0	0
18 Recreation (Activities) and Rehabilitation	5380	0	0	0	0	0	0	0	0	0
19 Rehabilitation	5385	0	0	0	0	0	0	0	0	0
20 Other Service Revenue	5390	0	0	0	0	0	0	0	0	0
<i>Total Living Revenue</i>	<i>6300T</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>
FINANCIAL REVENUE: 5400										
21 Financial Revenue - Project Operations	5410	100	1,396	0	0	0	0	100	1,396	1,296
<i>Total Financial Revenue</i>	<i>5400T</i>	<i>100</i>	<i>1,396</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>100</i>	<i>1,396</i>	<i>1,296</i>
OTHER REVENUE: 5900										
22 Laundry and Vending Revenue	5910	0	0	0	0	0	0	0	0	0
23 NSF and Late Charges	5920	0	0	0	0	0	0	0	0	0
24 Damages and Cleaning Fees	5930	0	4,850	0	0	0	0	0	4,850	4,850
25 Forfeited Tenant Security Deposits	5940	0	0	0	0	0	0	0	0	0
26 Other Revenue	5990	0	2,295	0	0	0	0	0	2,295	2,295
<i>Total Other Revenue</i>	<i>5900T</i>	<i>0</i>	<i>7,145</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>7,145</i>	<i>7,145</i>
27 EFFECTIVE GROSS RENT (EGR)	5152T	927,248	927,690	0	0	0	0	927,248	927,690	442
28 TOTAL OPERATING EXPENSES	6000T	821,438	833,278	0	0	0	0	821,438	833,278	(11,840)
29 NET OPERATING INCOME (NOI)	5000T	105,810	94,412	0	0	0	0	105,810	94,412	(11,398)
FINANCIAL EXPENSES: 6800										
30 Non-Contingent Debt Service (specify lender)	6895									
1st Mortgage =		0	0	0	0	0	0	0	0	0
2nd Mortgage =		0	0	0	0	0	0	0	0	0
3rd Mortgage =		0	0	0	0	0	0	0	0	0
31 HCD Required Payments	6890	18,038	18,038	0	0	0	0	18,038	18,038	0
32 Lease Payment	6890	0	0	0	0	0	0	0	0	0
33 Miscellaneous Financial Expenses	6890	0	0	0	0	0	0	0	0	0
<i>Total Financial Expenses</i>	<i>6800T</i>	<i>18,038</i>	<i>18,038</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>18,038</i>	<i>18,038</i>	<i>0</i>
FUNDED RESERVES:										
34 Escrow Deposits	1300	0	0	0	0	0	0	0	0	0
35 Replacement Reserve-Deposit	1320	37,845	37,845	0	0	0	0	37,845	37,845	0
36 Operating Reserve-Deposit	1300	0	0	0	0	0	0	0	0	0
37 Other Reserves (specify)										
#1	1330	0	0	0	0	0	0	0	0	0
#2	1330	0	0	0	0	0	0	0	0	0
#3	1330	0	0	0	0	0	0	0	0	0
<i>Total Reserve Deposits</i>		<i>37,845</i>	<i>37,845</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>37,845</i>	<i>37,845</i>	<i>0</i>
38 PROJECT CASH FLOW (CF)		49,927	38,529	0	0	0	0	49,927	38,529	(11,398)
ADDITIONAL REVENUE:										
39 RHCP-O Annuity Fund Request (For Assisted Units Only)		0	0	0	0	0	0	0	0	0
40 Withdrawal from Operating Reserves		0	2,996	0	0	0	0	0	2,996	2,996
41 Borrower Contribution		0	2,975	0	0	0	0	0	2,975	2,975
42 Other (specify)		0	0	0	0	0	0	0	0	0
<i>Total Additional Revenue</i>		<i>0</i>	<i>5,971</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>5,971</i>	<i>5,971</i>
USE OF CASH FLOW:										
43 HCD Interest Payments		0	0	0	0	0	0	0	0	0
44 Asset Mgmt Fee (CHRP-R/SUHRP & HOME-pre-UMR Only)		0	0	0	0	0	0	0	0	0
45 Asset Mgmt Fee/Prtshp Costs (MHP/HOME under UMR)		0	0	0	0	0	0	0	0	0
46 Borrower Distributions		0	44,500	0	0	0	0	0	44,500	44,500
47 Residual Receipt Loan Payments		0	0	0	0	0	0	0	0	0
48 Other (specify)		0	0	0	0	0	0	0	0	0
<i>Total Use of Cash Flow</i>		<i>0</i>	<i>44,500</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>44,500</i>	<i>44,500</i>

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

ANNUAL REPORT SUPPLEMENTAL INFORMATION

YEAR ENDED JUNE 30, 2010

STATE OF CALIFORNIA
ANNUAL REPORT
RESERVE BALANCES AND SUPPLEMENTAL INFORMATION
 AMC 182 (rev 8/2/06)

DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT
 DIVISION OF FINANCIAL ASSISTANCE

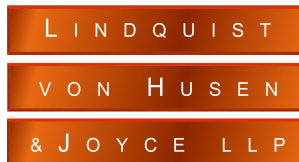
Explanation of other Withdrawals: Minor capital improvements

ADDITIONAL REQUESTED INFORMATION FOR FY:

2009-2010

ITEM	YES	NO	DATES PAID AND COMMENTS
1. Operating Reserves: Funded monthly? If not, how often?	X		
2. Replacement Reserves: Funded monthly? If not, how often?	X		
3. Security Deposit Acct. : Bal. equal to/greater than security deposit liability plus interest? Explain if "No".	X		
4. Taxes: Paid current, on time & no late fees incurred?	X		
5. Insurance: Is coverage according to Regulatory Agreement?	X		
6. Insurance: Paid current and the renewal policy paid on time?	X		
7. Required Debt Service: Paid current & always paid by due date?		X	MHP payment was late in 2010. Invoice was misplaced.
8. Debt: Has additional indebtedness been incurred? (If "YES", explain what, when and with whom.)		X	
9. Other Reserve Account?: Name other reserve accounts, how funded, who controls them and their purpose.		X	
10. Account Insurance: Are all accounts insured by Federal Gov't?	X		

**OMB CIRCULAR A-133
REPORTING REQUIREMENTS**



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

CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO

Board of Directors
Community Housing Partnership and Subsidiaries
San Francisco, California

**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***

We have audited the consolidated financial statements of Community Housing Partnership, a California nonprofit public benefit corporation, and Subsidiaries as of and for the year ended June 30, 2010, and have issued our report thereon dated December 22, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Community Housing Partnership and Subsidiaries' internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Community Housing Partnership and Subsidiaries' internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Community Housing Partnership and Subsidiaries' internal control over financial reporting.

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.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Community Housing Partnership and Subsidiaries' consolidated financial statements are free of 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*.

We noted certain matters that were reported to management of Community Housing Partnership and Subsidiaries' in a separate letter dated December 3, 2010.

This report is intended solely for the information and use of management, the audit committee and the board of directors, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Lindquist, von Husen and Joyce LLP

December 22, 2010



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

CATHY L. HWANG
RITA B. DELA CRUZ
STANLEY WOO

Board of Directors
Community Housing Partnership and Subsidiaries
San Francisco, California

**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD
HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN
ACCORDANCE WITH OMB CIRCULAR A-133**

Compliance

We have audited the compliance of Community Housing Partnership, a California nonprofit public benefit corporation, and Subsidiaries, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Community Housing Partnership and Subsidiaries' major federal programs for the year ended June 30, 2010. Community Housing Partnership and Subsidiaries' major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Community Housing Partnership and Subsidiaries' management. Our responsibility is to express an opinion on Community Housing Partnership and Subsidiaries' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Nonprofit Organizations*. Those standards and OMB Circular A-133 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 Community Housing Partnership 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 for our opinion. Our audit does not provide a legal determination on Community Housing Partnership and Subsidiaries' compliance with those requirements.

In our opinion, Community Housing Partnership and Subsidiaries complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of Community Housing Partnership and Subsidiaries is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Community Housing Partnership and Subsidiaries' internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 Community Housing Partnership 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the audit committee, and the board of directors, federal awarding agencies and pass-through entities and is not intended and should not be used by anyone other than these specified parties.

Lindquist, von Haven and Joyce LLP

December 22, 2010

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Agency or Pass-Through Number</i>	<i>Federal Expenditures</i>
U.S. Department of Housing and Urban Development:			
Community Development Block Grant Program:			
Pass-through awards:			
City and County of San Francisco	14.218	Unavailable	\$ 132,113
City and County of San Francisco, Mayor's Office of Housing, San Cristina Hotel	14.218	Unavailable	2,116,506
City and County of San Francisco, Cambridge Enterprise Grant	14.218	Unavailable	659,380
			25,000
			<u>2,932,999</u>
Supportive Housing Program:			
Pass-through awards:			
City and County of San Francisco, Department of Human Services:			
HEC	14.235	Unavailable	111,023
ISN – Tenant Services	14.235	Unavailable	112,972
SHEC	14.235	Unavailable	122,062
ISN Training Program	14.235	Unavailable	115,695
Direct awards:			
Supportive Housing Program – Iroquois Operations	14.235	CA39-B94-0297	156,696
Supportive Housing Program – Iroquois Capital Improvements	14.235	CA39-B94-0297	400,000
			<u>1,018,448</u>
Shelter Plus Care Program:			
Pass-through awards:			
City and County of San Francisco, Human Services Agency:			
Island Bay Homes – Project Based Rental Assistance	14.238	CA01-C60-1003	166,515
Section 8 Moderate Rehabilitation (Pass Through):			
Program Single Room Occupancy – San Cristina	14.249	Unavailable	475,902
Section 8 Moderate Rehabilitation (Pass Through):			
Lower Income Housing Assistance Program – Iroquois and Senator	14.856	Unavailable	1,223,362
Section 8 Housing Choice Vouchers (Pass Through) –			
Island Bay	14.871	Unavailable	360,639
			<u>2,226,418</u>
Total U.S. Department of Housing and Urban Development			<u>6,177,865</u>

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2010

<i>Federal Grantor/Pass-Through Grantor/Program or Cluster Title</i>	<i>Federal CFDA Number</i>	<i>Agency or Pass- Through Number</i>	<i>Federal Expenditures</i>
U.S. Department of Health and Human Services:			
Office of Community Services:			
Direct Awards:			
Substance and Mental Health Services			
Administration	93.243	90IJ-0531	488,179
Economic Development	93.570	90EE-078-0101	117,733
Total U.S. Department of Health and Human Services			605,912
TOTAL FEDERAL AWARDS			\$ 6,783,777

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2010

NOTE 1 – BASIS OF ACCOUNTING

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant and loan activities of Community Housing Partnership and Subsidiaries and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133 *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts, presented in, or used in the preparation of, the basic consolidated financial statements.

NOTE 2 – GRANTS OUTSTANDING

CHP had the following repayable grant balances outstanding at June 30, 2010. Such grants require continuing compliance and will be repayable only if demanded by the grantor in the event of non-compliance. These balances are also included in the federal expenditures presented in the schedule.

<i>Program Title</i>	<i>Federal CFDA Number</i>	<i>Amount Outstanding</i>
Supportive Housing Program – Iroquois	14.235	\$ 400,000
Community Development Block Grant – San Cristina	14.218	2,116,506

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2010

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None noted

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Internal control over major programs:

Material weakness(es) identified? Yes X No

Significant deficiency(ies) identified that are not considered to be material weakness(es)? Yes X None reported

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of Circular A-133? Yes X No

Identification of major programs: Name of Federal Program or Cluster:

CDFA #14.249 Section 8 Moderate Rehabilitation Single Room Occupancy

CDFA #14.856 Lower Income Housing Assistance Program- Section 8 Moderate Rehabilitation

CDFA #93.243 Substance Abuse and Mental Health Services- Projects of Regional and National Significance

Dollar threshold used to distinguish between Type A and Type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

None noted.