

**COMMUNITY HOUSING
PARTNERSHIP AND
SUBSIDIARIES**

(A California Nonprofit Public Benefit Corporation)

**CONSOLIDATED FINANCIAL STATEMENTS
AND**

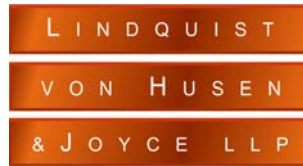
INDEPENDENT AUDITOR'S REPORT

YEARS ENDED JUNE 30, 2008 AND 2007

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED JUNE 30, 2008 AND 2007

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

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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, 2008 and 2007, 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, 2008 and 2007, 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 January 27, 2009 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 20 through 23, the additional supplementary information as required by the California Department of Housing and Community Development on pages 25 through 28, and the accompanying Schedule of Expenditures of Federal Awards on pages 34 and 35 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

January 27, 2009

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
(A California Nonprofit Public Benefit Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2008 AND 2007

	2008	2007
ASSETS		
Current assets:		
Cash	\$ 2,015,046	\$ 1,843,881
Receivables:		
Contract services	319,568	487,838
Contributions – current portion (Note 3)	259,000	30,000
Related parties – developer fees – current portion (Note 6)	1,117,850	-
Rent, subsidy and other	184,158	93,179
Prepaid expenses	137,464	86,775
Total current assets	4,033,086	2,541,673
Receivables:		
Contributions – net of current portion (Note 3)	140,000	-
Related parties – developer fees – net of current portion (Note 6)	-	281,882
Restricted deposits: (Note 4):		
Replacement and operating reserves	1,553,433	1,391,061
Security deposits	80,789	69,239
Property and equipment – net (Note 5)	17,825,045	18,468,590
Investment in other companies (Note 7)	84,623	83,842
Total assets	\$ 23,716,976	\$ 22,836,287
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued expenses	\$ 531,802	\$ 355,926
Notes payable – current portion (Note 8)	178,758	399,184
Total current liabilities	710,560	755,110
Tenant security deposits	82,822	69,352
Interest payable (Note 8)	2,684,326	2,248,468
Notes payable – net of current portion (Note 8)	11,150,155	11,338,303
Total liabilities	14,627,863	14,411,233
Net assets:		
Unrestricted	2,661,309	2,401,658
Temporarily restricted (Note 9)	6,427,804	6,023,396
Total net assets	9,089,113	8,425,054
Total liabilities and net assets	\$ 23,716,976	\$ 22,836,287

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, 2008 AND 2007

	2008			2007		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
Revenue and other support:						
Contract services	\$ 3,157,371	\$ -	\$ 3,157,371	\$ 2,028,301	\$ -	\$ 2,028,301
Contributions (Note 9)	768,978	465,778	1,234,756	458,904	84,370	543,274
Rent subsidy revenue	2,292,268	-	2,292,268	2,127,800	-	2,127,800
Rent revenue from tenants, net of vacancy loss	925,447	-	925,447	748,672	-	748,672
Developer fees (Note 6)	877,733	-	877,733	537,642	-	537,642
Property management expense reimbursements	678,066	-	678,066	531,409	-	531,409
Interest and other income	94,253	-	94,253	53,188	-	53,188
Net assets released from restrictions (Note 9)	61,370	(61,370)	-	199,889	(199,889)	-
Total revenue and other support	8,855,486	404,408	9,259,894	6,685,805	(115,519)	6,570,286
Expenses:						
Program services:						
Property management	3,800,064	-	3,800,064	3,357,520	-	3,357,520
Tenant services	1,622,546	-	1,622,546	1,062,103	-	1,062,103
Employment	1,187,368	-	1,187,368	674,936	-	674,936
Management and general	924,430	-	924,430	690,036	-	690,036
Housing development	220,343	-	220,343	202,000	-	202,000
Fundraising	181,126	-	181,126	145,639	-	145,639
Pass-through	660,690	-	660,690	535,692	-	535,692
Total expenses	8,596,567	-	8,596,567	6,667,926	-	6,667,926
Change in net assets before other income (expenses)	258,919	404,408	663,327	17,879	(115,519)	(97,640)
Other income (expenses):						
Income (loss) from investments in other companies (Note 7)	732	-	732	(448,482)	-	(448,482)
Change in net assets	259,651	404,408	664,059	(430,603)	(115,519)	(546,122)
Net assets, beginning of year	2,401,658	6,023,396	8,425,054	2,857,261	6,138,915	8,996,176
Equity transfer for affiliate demand note (Note 8)	-	-	-	(25,000)	-	(25,000)
Net assets, end of year	\$ 2,661,309	\$ 6,427,804	\$ 9,089,113	\$ 2,401,658	\$ 6,023,396	\$ 8,425,054

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, 2008 AND 2007

	2008									
	<i>Program Services</i>			<i>Total</i>		<i>Management and General</i>	<i>Housing Development</i>	<i>Fundraising</i>	<i>Pass Through</i>	<i>Total</i>
	<i>Property Management</i>	<i>Tenant Services</i>	<i>Employment</i>	<i>Program Services</i>	<i>Management and General</i>					
Salaries and wages	\$ 877,336	\$ 816,764	\$ 714,843	\$ 2,408,943	\$ 409,087	\$ 156,027	\$ 116,004	\$ 521,524	\$ 3,611,585	
Payroll taxes and benefits	277,784	222,608	192,143	692,535	81,743	32,672	21,846	133,434	962,230	
Accounting and auditing	10,890	5,090	3,319	19,299	3,522	200	880	-	23,901	
Advertising	1,393	925	2,868	5,186	16,753	-	11	-	21,950	
Bad debts incurred	15,096	-	-	15,096	-	-	-	-	15,096	
Dues and subscriptions	1,312	500	950	2,762	11,615	-	1,145	-	15,522	
Insurance	126,632	16,004	13,550	156,186	17,372	2,247	-	-	175,805	
Interest expense – mortgages	86,800	-	-	86,800	-	-	-	-	86,800	
Janitorial supplies	25,693	-	-	25,693	1,408	-	-	-	27,101	
Miscellaneous	59,685	-	5,457	65,142	6,462	-	-	-	71,604	
Office supplies	9,279	21,585	25,153	56,017	21,904	4,925	782	-	83,628	
Organizational activities	13,516	5,449	4,273	23,238	4,869	434	456	-	28,997	
Postage and mailing	666	26	410	1,102	3,775	244	3,995	-	9,116	
Printing	790	7,487	9,264	17,541	5,686	94	10,625	-	33,946	
Professional and legal services	29,804	393,405	43,288	466,497	270,023	700	24,104	-	761,324	
Rent	74,114	33,000	59,771	166,885	12,216	12,000	-	-	191,101	
Repairs and maintenance	287,495	13,042	15,805	316,342	24,916	-	-	-	341,258	
Staff training	684	2,563	6,679	9,926	6,801	9,889	195	-	26,811	
Taxes and licenses	10,253	-	20	10,273	960	-	-	-	11,233	
Telephone	12,834	12,526	8,022	33,382	10,229	325	-	-	43,936	
Tenant projects and stipends	43	69,234	77,738	147,015	8,828	-	1,005	5,732	162,580	
Travel and transportation	520	2,338	3,815	6,673	481	586	78	-	7,818	
Utilities and garbage	633,837	-	-	633,837	-	-	-	-	633,837	
	2,556,456	1,622,546	1,187,368	5,366,370	918,650	220,343	181,126	660,690	7,347,179	
Deferred interest	435,858	-	-	435,858	-	-	-	-	435,858	
Depreciation	807,750	-	-	807,750	5,780	-	-	-	813,530	
	<u>\$ 3,800,064</u>	<u>\$ 1,622,546</u>	<u>\$ 1,187,368</u>	<u>\$ 6,609,978</u>	<u>\$ 924,430</u>	<u>\$ 220,343</u>	<u>\$ 181,126</u>	<u>\$ 660,690</u>	<u>\$ 8,596,567</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, 2008 AND 2007

	2007								
	<i>Program Services</i>			<i>Total</i>	<i>Management</i>	<i>Housing</i>	<i>Fundraising</i>	<i>Pass</i>	<i>Total</i>
	<i>Property</i>	<i>Tenant</i>		<i>Program</i>	<i>and General</i>	<i>Development</i>		<i>Through</i>	
	<i>Management</i>	<i>Services</i>	<i>Employment</i>	<i>Services</i>					
Salaries and wages	\$ 795,635	\$ 558,680	\$ 403,678	\$ 1,757,993	\$ 355,252	\$ 159,068	\$ 72,581	\$ 353,754	\$ 2,698,648
Payroll taxes and benefits	251,297	148,000	109,753	509,050	65,910	30,294	12,607	102,516	720,377
Accounting and auditing	11,433	4,407	2,555	18,395	1,835	768	302	-	21,300
Advertising	2,332	1,500	225	4,057	8,416	1,050	12,170	-	25,693
Bad debts incurred	13,442	-	-	13,442	-	-	-	-	13,442
Dues and subscriptions	715	-	350	1,065	7,633	1,000	697	-	10,395
Insurance	117,149	7,949	11,914	137,012	870	1,477	1,339	-	140,698
Interest expense – mortgages	93,464	-	-	93,464	-	-	-	-	93,464
Janitorial supplies	33,374	-	-	33,374	1,851	-	-	-	35,225
Miscellaneous	14,322	-	9,430	23,752	4,459	-	-	86	28,297
Office supplies	20,785	35,559	7,685	64,029	18,708	4,651	2,652	-	90,040
Organizational activities	7,549	1,499	794	9,842	7,682	-	94	-	17,618
Postage and mailing	673	311	449	1,433	2,732	510	2,999	-	7,674
Printing	1,165	6,041	266	7,472	3,535	-	8,294	-	19,301
Professional and legal services	15,102	193,391	31,188	239,681	118,283	600	30,578	4,898	394,040
Rent	61,557	7,267	-	68,824	48,216	-	-	34,206	151,246
Repairs and maintenance	203,734	19,177	1,930	224,841	18,556	250	1,058	31,103	275,808
Staff training	1,138	2,045	1,909	5,092	3,856	1,123	195	-	10,266
Taxes and licenses	9,037	-	968	10,005	2,665	-	50	3,322	16,042
Telephone	13,681	11,677	1,036	26,394	12,655	-	-	-	39,049
Tenant projects and stipends	60	51,456	87,945	139,461	1,806	388	-	2,992	144,647
Travel and transportation	710	13,144	2,861	16,715	1,277	821	23	-	18,836
Utilities and garbage	450,609	-	-	450,609	-	-	-	2,815	453,424
	2,118,963	1,062,103	674,936	3,856,002	686,197	202,000	145,639	535,692	5,425,530
Deferred interest	454,727	-	-	454,727	-	-	-	-	454,727
Depreciation	783,830	-	-	783,830	3,839	-	-	-	787,669
	<u>\$ 3,357,520</u>	<u>\$ 1,062,103</u>	<u>\$ 674,936</u>	<u>\$ 5,094,559</u>	<u>\$ 690,036</u>	<u>\$ 202,000</u>	<u>\$ 145,639</u>	<u>\$ 535,692</u>	<u>\$ 6,667,926</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, 2008 AND 2007

	<u>2008</u>	<u>2007</u>
Cash flows from operating activities:		
Change in net assets	\$ 664,059	\$ (546,122)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	813,530	787,669
(Income) loss from investments in other companies	(732)	448,432
(Increase) decrease in assets:		
Accounts receivable	(1,127,677)	(548,961)
Prepaid expenses	(50,689)	(20,986)
Tenant security deposits cash	(11,550)	(3,485)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	175,876	109,996
Tenant security deposits payable	13,470	4,259
Interest payable	435,858	431,196
Net cash provided by operating activities	<u>912,145</u>	<u>661,998</u>
Cash flows from investing activities:		
Net increase in restricted deposit for reserves	(162,372)	(294,292)
Net increase in investments in other companies	(49)	(25,000)
Purchase of property and equipment	(169,985)	(61,730)
Net cash used in investing activities	<u>(332,406)</u>	<u>(381,022)</u>
Cash flows from financing activities:		
Proceeds from notes payable	-	195,841
Payment of notes payable	(408,574)	(396,570)
Net cash used in financing activities	<u>(408,574)</u>	<u>(200,729)</u>
Net increase in cash	171,165	80,247
Cash, beginning of year	<u>1,843,881</u>	<u>1,763,634</u>
Cash, end of year	<u>\$ 2,015,046</u>	<u>\$ 1,843,881</u>
Supplemental information:		
Cash paid for interest	<u>\$ 86,800</u>	<u>\$ 114,336</u>
Noncash financing activities:		
Notes payable assumed by transfer of accrued interest	<u>\$ -</u>	<u>\$ 440,495</u>
Notes payable assumed by transfer of equity	<u>\$ -</u>	<u>\$ 25,000</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, 2008 AND 2007

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. We strive 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.

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 also 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 three subsidiaries, Treasure Island Family Services Space, LLC, CHP Essex, LLC, and CHP Fulton, LLC all of which CHP is the sole member. All significant intercompany transactions and balances have been eliminated in the consolidation. CHP holds a 50% interest in both CHP Eddy, LLC and CHP Arendt, LLC and accordingly they are not included in these consolidated financial statements.

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, 2008 AND 2007

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.

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 \$195,627 and \$82,863 for 2008 and 2007, respectively.

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.

Four 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 9).

Rental Income

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

Development Fees/Project Based Administration Fees

CHP recognizes the developer fee revenue as earned during the development 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.

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

Cash

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 \$3,669,000 as of June 30, 2008. CHP has not experienced any losses in such accounts.

Accounts Receivable

During 2007, CHP recorded 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 \$16,923 at June 30, 2007.

During 2008, CHP elected to record bad debts using the direct write off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write off method is not materially different from the result that would be obtained had the allowance method been followed.

Investment in Other Companies

Investment in other companies is accounted for using the equity method of accounting. The investments were initially recorded at cost and then adjusted for CHP's proportionate share of undistributed earnings or losses (see Note 7).

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

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.

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

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 2007 financial statements were reclassified to conform to the 2008 presentation for comparative purposes.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Contributions receivable are summarized as follows:

	2008	2007
Unrestricted contributions receivable	\$ 44,000	\$ -
Temporarily restricted contributions receivable:		
For employment and training programs	115,000	30,000
For future periods	240,000	-
	<hr/>	<hr/>
Total contributions receivable	\$ 399,000	\$ 30,000
	<hr/> <hr/>	<hr/> <hr/>
Amounts due in:		
Less than one year	\$ 259,000	\$ 30,000
One to five years	\$ 140,000	\$ -
	<hr/> <hr/>	<hr/> <hr/>

NOTE 4 – RESTRICTED DEPOSITS

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

	2008	2007
Senator Hotel ⁽¹⁾	\$ 460,687	\$ 489,739
San Cristina Hotel ⁽²⁾	325,051	329,982
Iroquois Hotel ⁽³⁾	355,984	313,499
Island Bay Homes ⁽⁴⁾	411,711	257,841
	<hr/>	<hr/>
	\$ 1,553,433	\$ 1,391,061
	<hr/> <hr/>	<hr/> <hr/>

⁽¹⁾ *Senator Hotel* – In accordance with the MHP loan agreement (see Note 8), CHP is required to make an annual deposit of \$37,845 to the replacement reserve. The operating reserve was initially capitalized in the amount of \$291,589.

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- (2) San Cristina Hotel – In accordance with the 1991 loan agreement with the Mayor’s Office of Housing, 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.
- (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. 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.
- (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. On 7/17/2007, 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 level of 25% of the prior year’s operating expenses.

Security Deposits

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

NOTE 5 – PROPERTY AND EQUIPMENT

Property and equipment is summarized as follows:

	2008							2007 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	1,645	10,372,163	4,313,117	4,401,930	1,023,395	20,112,250	19,989,031	
Furniture, fixtures and equipment	70,696	76,944	25,946	44,650	35,741	253,977	193,688	
Construction in process	25,250	-	-	-	-	25,250	38,774	
	97,591	11,234,609	5,426,724	5,446,580	1,059,136	23,264,640	23,094,656	
Accumulated depreciation	(50,209)	(2,622,428)	(1,327,487)	(1,063,548)	(375,923)	(5,439,595)	(4,626,066)	
Total property and equipment	\$ 47,382	\$ 8,612,181	\$ 4,099,237	\$ 4,383,032	\$ 683,213	\$ 17,825,045	\$ 18,468,590	

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NOTE 6 – RELATED PARTY TRANSACTIONS

CHP receives developer fees for the development of affordable housing projects. Developer fees earned and receivable from related entities are summarized as follows:

<i>Receivable/Received from Description</i>	<i>Receivable at June 30, 2008</i>	<i>2008 Income (Receipt)</i>	<i>Receivable at June 30, 2007</i>	<i>2007 Income (Receipt)</i>
Hotel Essex, LP	\$ 771,190	\$ 502,517 (13,209)	\$ 281,882	\$ 459,404 (177,522)
650 Eddy, LP	302,394	316,180 (13,786)	-	51,628 (51,628)
Arendt House, LP	33,672	34,756 (1,084)	-	26,610 (26,610)
365 Fulton, LP	10,594	24,279 (13,685)	-	-
Total	1,117,850		281,882	
Less: current portion	(1,117,850)		-	
Long-term portion	\$ -		\$ 281,882	

NOTE 7 – 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, 2008 and 2007:

<i>Percentage of Ownership</i>	<i>Name of Entities</i>	<i>2008</i>		<i>2007</i>	
		<i>Financial Interest</i>	<i>Income (loss) from Investment in Other Companies</i>	<i>Financial Interest</i>	<i>Income (loss) from Investment in Other Companies</i>
50%	CHP Eddy, LLC ⁽¹⁾	\$ 47,275	\$ 3,393	\$ 43,882	\$ (448,482)
50%	CHP Arendt, LLC	25,062	62	25,000	-
.005%	Hotel Essex, LP	12,286	(2,723)	14,960	-
		\$ 84,623	\$ 732	\$ 83,842	\$ (448,482)

⁽¹⁾ CHP Eddy, LLC, is the general partner in 650 Eddy, LP, a limited partnership. In 2006, the partnership acquired land to develop an affordable housing project, and received a \$1,000,000 grant as part of project financing. This resulted in the partnership recognizing a significant gain, which was allocated to CHP Eddy, LLC in accordance with their partnership interest. The Partnership sold the land in March 2007, and recognized a loss when the property and corresponding debt was transferred.

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

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

	2008	2007
Total assets	\$ 29,543,923	\$ 11,960,930
Total liabilities	\$ 27,772,094	\$ 12,096,930
Partners' and member's equity	1,771,829	(136,000)
Total	\$ 29,543,923	\$ 11,960,930

NOTE 8 – NOTES PAYABLE

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

	2008		2007	
	<i>Accrued Interest</i>	<i>Principal</i>	<i>Accrued Interest</i>	<i>Principal</i>
<u>Senator Hotel:</u> Citibank, in the original amount of \$2,775,000, bears a variable rate of interest not to exceed 9.86% per annum, payable in monthly. The loan was paid in full in May 2008.	\$ -	\$ -	\$ -	\$ 239,636
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, interest is payable annually at .42% of the unpaid principal balance over 30 years, and annual loan payments thereafter until maturity in 2061. Additional payments are to be made from net cash flow.	197,909	4,294,690	87,106	4,294,690

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

	2008		2007	
	<i>Accrued Interest</i>	<i>Principal</i>	<i>Accrued Interest</i>	<i>Principal</i>
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). The loan was increased in September 2006 by \$440,495, the accrued and unpaid interest on the construction loan below, bears interest at 8% compounded annually, and matures in March 2053. Principal and interest are payable from residual receipts.	486,865	1,347,532	350,984	1,347,532
<u><i>San Cristina Hotel:</i></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.	640,751	1,750,000	588,251	1,750,000
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.	-	814,737	-	852,963
<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, due 75 years after the completion of the project. The monthly repayment amount will be determined thereafter, and any remaining obligation will be forgiven upon maturity.	1,195,664	1,500,000	1,105,664	1,500,000
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.	-	574,545	-	705,257

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

	2008		2007	
	<i>Accrued Interest</i>	<i>Principal</i>	<i>Accrued Interest</i>	<i>Principal</i>
<u><i>Island Bay Homes:</i></u>				
City and County of San Francisco, in the original amount of \$1,029,679, bears interest at 4% per annum, compounded quarterly, due in 2014 at the termination of the sublease. \$230,000 of the funding amount must be repaid without interest, upon receipt of funds awarded through Federal Home Loan Bank Affordable Housing Program and if not repaid the entire loan will bear interest at 8.5%. The interest and principal is payable from residual receipts.	163,137	997,409	116,463	997,409
<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	2,684,326	11,328,913	2,248,468	11,737,487
Less: current portion	-	(178,758)	-	(399,184)
Long-term portion	<u>\$ 2,684,326</u>	<u>\$ 11,150,155</u>	<u>\$ 2,248,468</u>	<u>\$ 11,338,303</u>

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

2009	\$ 178,758
2010	189,014
2011	199,889
2012	168,502
2013	45,133

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 9 – TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consist of the following:

	2008			
	<i>June 30, 2007</i>	<i>Contributions</i>	<i>Released from restrictions</i>	<i>June 30, 2008</i>
Specific programs	\$ 122,890	\$ 465,778	\$ (61,370)	\$ 527,298
Recoverable contributions for the purchase and rehabilitation of (see Note 11):				
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>\$ 6,023,396</u>	<u>\$ 465,778</u>	<u>\$ (61,370)</u>	<u>\$ 6,427,804</u>

	2007			
	<i>June 30, 2006</i>	<i>Contributions</i>	<i>Released from restrictions</i>	<i>June 30, 2007</i>
Specific programs	\$ 238,409	\$ 84,370	\$ (199,889)	\$ 122,890
Recoverable contributions for the purchase and rehabilitation of (see Note 11):				
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>\$ 6,138,915</u>	<u>\$ 84,370</u>	<u>\$ (199,889)</u>	<u>\$ 6,023,396</u>

NOTE 10 – 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 who must qualify for Section 8 rental assistance. 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. However, 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 increases the Island Bay Homes unit count to 66 units at June 30, 2008. 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.

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

YEARS ENDED JUNE 30, 2008 AND 2007

NOTE 11 – 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 (through CFB) for rehabilitation of the Iroquois Hotel as well as \$344,000 received from the Affordable Housing Program (through FHLBSF) for the rehabilitation of the Senator Hotel. 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. CHP leases office space for the general office of its social service programs from 1095 Market Street, LLC under a 54-month lease agreement that expires December 31, 2011. The following represents the future minimum lease payments:

2009	\$	114,212
2010		118,232
2011		122,512
2012		66,734

CHP has provided loan and operating deficit guarantees as well as indemnifications with regard to tax benefits projected for its affiliates and projects. 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. CHP will cover operating deficits as needed up to a stated limit. CHP does not require any collateral or other security from its affiliates and projects related to these guarantees. A reasonable estimate of the outstanding operating deficit guarantees for one project at June 30, 2008 amounted to \$500,000, and one outstanding loan guarantee was approximately \$8,550,000. In addition, CHP has guaranteed approximately \$10,500,000 to one investor for tax credits and other deductions for one affiliated limited partnership as of June 30, 2008. Management believes that the likelihood of funding a material amount of any of the guarantees is remote.

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.

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

CONSOLIDATED SCHEDULES OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2008 AND 2007

	2008										
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Investment in CHP Eddy, LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC	Total
Assets:											
Current assets											
Cash	\$ 738,840	\$ 254,449	\$ 251,230	\$ 185,701	\$ 429,664	\$ 151,563	\$ -	\$ 3,599	\$ -	\$ -	\$ 2,015,046
Receivables:											
Contract services	272,067	47,501	-	-	-	-	-	-	-	-	319,568
Contributions – current portion	209,000	50,000	-	-	-	-	-	-	-	-	259,000
Related parties – current portion	1,117,850	-	-	-	-	-	-	-	-	-	1,117,850
Rent, subsidy and other	30,791	-	13,858	10,443	13,082	94,905	-	21,079	-	-	184,158
Prepaid expenses	117,361	-	3,833	5,744	7,087	3,439	-	-	-	-	137,464
Total current assets	2,485,909	351,950	268,921	201,888	449,833	249,907	-	24,678	-	-	4,033,086
Receivables:											
Contributions – net of current portion	140,000	-	-	-	-	-	-	-	-	-	140,000
Related parties – net of current portion	-	-	-	-	-	-	-	-	-	-	-
Restricted deposits:											
Replacement and operating reserves	-	-	460,687	325,051	355,984	411,711	-	-	-	-	1,553,433
Security deposits	-	-	16,640	28,931	14,704	20,514	-	-	-	-	80,789
Property and equipment – net	47,382	-	8,612,181	4,099,237	4,383,032	683,213	-	-	-	-	17,825,045
Investments in other companies	25,111	-	-	-	-	-	47,275	-	12,188	49	84,623
Total assets	\$ 2,698,402	\$ 351,950	\$ 9,358,429	\$ 4,655,107	\$ 5,203,553	\$ 1,365,345	\$ 47,275	\$ 24,678	\$ 12,188	\$ 49	\$ 23,716,976
Liabilities and net assets:											
Current liabilities:											
Accounts payable and accrued expenses	\$ 425,881	\$ 836	\$ 17,951	\$ 14,719	\$ 13,954	\$ 39,367	\$ -	\$ 15,845	\$ 2,400	\$ 849	\$ 531,802
Notes payable – current portion	-	-	-	39,638	139,120	-	-	-	-	-	178,758
Total current liabilities	425,881	836	17,951	54,357	153,074	39,367	-	15,845	2,400	849	710,560
Tenant security deposits	-	-	16,021	29,529	15,903	21,369	-	-	-	-	82,822
Interest payable	-	-	684,774	640,751	1,195,664	163,137	-	-	-	-	2,684,326
Due (from) to other funds	(186,549)	141,145	4,451	16,080	17,321	7,552	-	-	-	-	-
Notes payable – net of current portion	100,000	-	5,642,222	2,525,099	1,935,425	997,409	-	(10,000)	(20,000)	(20,000)	11,150,155
Total liabilities	339,332	141,981	6,365,419	3,265,816	3,317,387	1,228,834	-	5,845	(17,600)	(19,151)	14,627,863
Net assets:											
Unrestricted	1,831,772	209,969	1,474,010	(727,215)	(378,834)	136,511	47,275	18,833	29,788	19,200	2,661,309
Temporarily restricted	527,298	-	1,519,000	2,116,506	2,265,000	-	-	-	-	-	6,427,804
Total net assets	2,359,070	209,969	2,993,010	1,389,291	1,886,166	136,511	47,275	18,833	29,788	19,200	9,089,113
Total liabilities and net assets	\$ 2,698,402	\$ 351,950	\$ 9,358,429	\$ 4,655,107	\$ 5,203,553	\$ 1,365,345	\$ 47,275	\$ 24,678	\$ 12,188	\$ 49	\$ 23,716,976

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

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CONSOLIDATED SCHEDULES OF FINANCIAL POSITION

YEARS ENDED JUNE 30, 2008 AND 2007

	2007										
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Investment in CHP Eddy, LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC	Total
Assets:											
Current assets											
Cash	\$ 582,839	\$ -	\$ 328,357	\$ 173,930	\$ 424,472	\$ 331,880	\$ -	\$ 2,403	\$ -	\$ -	\$ 1,843,881
Receivables:											
Contract services	487,838	-	-	-	-	-	-	-	-	-	487,838
Contributions – current portion	30,000	-	-	-	-	-	-	-	-	-	30,000
Related parties – current portion	-	-	-	-	-	-	-	-	-	-	-
Rent, subsidy and other	49,675	-	5,282	(468)	2,027	19,017	-	17,646	-	-	93,179
Prepaid expenses	66,323	-	4,183	5,744	7,086	3,439	-	-	-	-	86,775
Total current assets	1,216,675	-	337,822	179,206	433,585	354,336	-	20,049	-	-	2,541,673
Receivables:											
Contributions – net of current portion	-	-	-	-	-	-	-	-	-	-	-
Related parties – net of current portion	281,882	-	-	-	-	-	-	-	-	-	281,882
Restricted deposits:											
Replacement and operating reserves	-	-	489,739	329,982	313,499	257,841	-	-	-	-	1,391,061
Security deposits	-	-	16,569	28,309	13,944	10,417	-	-	-	-	69,239
Property and equipment – net	4,906	-	9,055,347	4,184,965	4,467,786	755,586	-	-	-	-	18,468,590
Investments in other companies	25,049	-	-	-	-	-	43,882	-	14,911	-	83,842
Total assets	\$ 1,528,512	\$ -	\$ 9,899,477	\$ 4,722,462	\$ 5,228,814	\$ 1,378,180	\$ 43,882	\$ 20,049	\$ 14,911	\$ -	\$ 22,836,287
Liabilities and net assets:											
Current liabilities:											
Accounts payable and accrued expenses	\$ 212,181	\$ -	\$ 30,624	\$ 20,527	\$ 16,572	\$ 58,223	\$ -	\$ 16,199	\$ 1,600	\$ -	\$ 355,926
Notes payable – current portion	-	-	239,636	32,947	126,601	-	-	-	-	-	399,184
Total current liabilities	212,181	-	270,260	53,474	143,173	58,223	-	16,199	1,600	-	755,110
Tenant security deposits	-	-	16,577	28,472	14,778	9,525	-	-	-	-	69,352
Interest payable	-	-	438,090	588,251	1,105,664	116,463	-	-	-	-	2,248,468
Due (from) to other funds	(92,554)	-	19,965	20,199	32,518	19,872	-	-	-	-	-
Notes payable – net of current portion	50,000	-	5,642,222	2,570,016	2,078,656	997,409	-	-	-	-	11,338,303
Total liabilities	169,627	-	6,387,114	3,260,412	3,374,789	1,201,492	-	16,199	1,600	-	14,411,233
Net assets:											
Unrestricted	1,235,995	-	1,993,363	(654,456)	(410,975)	176,688	43,882	3,850	13,311	-	2,401,658
Temporarily restricted	122,890	-	1,519,000	2,116,506	2,265,000	-	-	-	-	-	6,023,396
Total net assets	1,358,885	-	3,512,363	1,462,050	1,854,025	176,688	43,882	3,850	13,311	-	8,425,054
Total liabilities and net assets	\$ 1,528,512	\$ -	\$ 9,899,477	\$ 4,722,462	\$ 5,228,814	\$ 1,378,180	\$ 43,882	\$ 20,049	\$ 14,911	\$ -	\$ 22,836,287

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

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

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CONSOLIDATED SCHEDULES OF ACTIVITIES

YEARS ENDED JUNE 30, 2008 AND 2007

	2008											
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Investment in CHP Eddy, LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC	Eliminations	Total
Revenue and other support:												
Contract services	\$ 2,751,887	\$ 405,484	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,157,371
Contributions	1,045,720	189,036	-	-	-	-	-	-	-	-	-	1,234,756
Rent subsidy revenue	-	-	654,885	450,281	628,283	558,819	-	-	-	-	-	2,292,268
Rent revenue from tenants, net of vacancy loss	686	-	260,350	215,163	232,785	216,463	-	-	-	-	-	925,447
Developer fees	877,733	-	-	-	-	-	-	-	-	-	-	877,733
Property management expense reimbursements	598,827	-	-	-	-	-	-	79,239	-	-	-	678,066
Interest and other income	610,919	-	24,300	22,030	26,958	7,475	-	(2,941)	-	-	(594,488)	94,253
Total revenue and other support	5,885,772	594,520	939,535	687,474	888,026	782,757	-	76,298	-	-	(594,488)	9,259,894
Expenses:												
Program services and special projects before deferred interest and depreciation:	3,509,750	384,551	707,404	593,794	674,021	679,113	-	71,315	800	800	(594,488)	6,027,060
Management and general	918,650	-	-	-	-	-	-	-	-	-	-	918,650
Housing development	220,343	-	-	-	-	-	-	-	-	-	-	220,343
Fundraising	181,126	-	-	-	-	-	-	-	-	-	-	181,126
Total expenses, before deferred interest and depreciation	4,829,869	384,551	707,404	593,794	674,021	679,113	-	71,315	800	800	(594,488)	7,347,179
Change in net assets before deferred interest and depreciation	1,055,903	209,969	232,131	93,680	214,005	103,644	-	4,983	(800)	(800)	-	1,912,715
Deferred interest	-	-	246,684	52,500	90,000	46,674	-	-	-	-	-	435,858
Depreciation	5,780	-	504,800	113,939	91,864	97,147	-	-	-	-	-	813,530
	5,780	-	751,484	166,439	181,864	143,821	-	-	-	-	-	1,249,388
Change in net assets before income from investments in other companies:	1,050,123	209,969	(519,353)	(72,759)	32,141	(40,177)	-	4,983	(800)	(800)	-	663,327
Income (loss) from investments in other companies	62	-	-	-	-	-	3,393	-	(2,723)	-	-	732
Change in net assets	1,050,185	209,969	(519,353)	(72,759)	32,141	(40,177)	3,393	4,983	(3,523)	(800)	-	664,059
Net assets, beginning of year	1,358,885	-	3,512,363	1,462,050	1,854,025	176,688	43,882	3,850	13,311	-	-	8,425,054
Equity transfer for affiliated demand note	(50,000)	-	-	-	-	-	-	10,000	-	20,000	20,000	-
Net assets, end of year	\$ 2,359,070	\$ 209,969	\$ 2,993,010	\$ 1,389,291	\$ 1,886,166	\$ 136,511	\$ 47,275	\$ 18,833	\$ 9,788	\$ 19,200	\$ 20,000	\$ 9,089,113

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, 2008 AND 2007

	2007											
	General	CHP Enterprises	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	Investment in CHP Eddy, LLC	Treasure Island Family Services Space, LLC	CHP Essex, LLC	CHP Fulton, LLC	Eliminations	Total
Revenue and other support:												
Contract services	\$ 2,028,301	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,028,301
Contributions	543,274	-	-	-	-	-	-	-	-	-	-	543,274
Rent subsidy revenue	-	-	657,897	427,929	635,787	406,187	-	-	-	-	-	2,127,800
Rent revenue from tenants, net of vacancy loss	-	-	268,175	186,842	203,502	90,153	-	-	-	-	-	748,672
Developer fees	537,642	-	-	-	-	-	-	-	-	-	-	537,642
Property management expense reimbursements	456,271	-	-	-	-	-	-	75,138	-	-	-	531,409
Interest and other income	525,150	-	32,575	28,170	25,385	4,478	-	(2,302)	-	-	(560,268)	53,188
Total revenue and other support	4,090,638	-	958,647	642,941	864,674	500,818	-	72,836	-	-	(560,268)	6,570,286
Expenses:												
Program services and special projects before deferred interest and depreciation:	2,565,734	-	637,480	545,128	695,542	431,638	-	74,840	1,600	-	(560,268)	4,391,694
Management and general	686,197	-	-	-	-	-	-	-	-	-	-	686,197
Housing development	202,000	-	-	-	-	-	-	-	-	-	-	202,000
Fundraising	145,639	-	-	-	-	-	-	-	-	-	-	145,639
Total expenses, before deferred interest and depreciation	3,599,570	-	637,480	545,128	695,542	431,638	-	74,840	1,600	-	(560,268)	5,425,530
Change in net assets before deferred interest and depreciation	491,068	-	321,167	97,813	169,132	69,180	-	(2,004)	(1,600)	-	-	1,144,756
Deferred interest	-	-	267,286	52,500	90,000	44,941	-	-	-	-	-	454,727
Depreciation	3,839	-	511,145	114,280	94,952	63,453	-	-	-	-	-	787,669
	3,839	-	778,431	166,780	184,952	108,394	-	-	-	-	-	1,242,396
Change in net assets before income from investments in other companies:	487,229	-	(457,264)	(68,967)	(15,820)	(39,214)	-	(2,004)	(1,600)	-	-	(97,640)
Income (loss) from investments in other companies	-	-	-	-	-	-	(472,713)	-	24,231	-	-	(448,482)
Change in net assets	487,229	-	(457,264)	(68,967)	(15,820)	(39,214)	(472,713)	(2,004)	22,631	-	-	(546,122)
Net assets, beginning of year	896,656	-	3,969,627	1,531,017	1,869,845	215,902	516,595	5,854	(9,320)	-	-	8,996,176
Equity transfer for affiliated demand note	(25,000)	-	-	-	-	-	-	-	-	-	-	(25,000)
Net assets, end of year	\$ 1,358,885	\$ -	\$ 3,512,363	\$ 1,462,050	\$ 1,854,025	\$ 176,688	\$ 43,882	\$ 3,850	\$ 13,311	\$ -	\$ -	\$ 8,425,054

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

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

Reporting Period: 7/1/2007 to 06/30/2008

Contract No: 02-MHP-113
Project Name: Senator Residence
Prepared by: Lindquist, von Husen & Joyce LLP
Date Prepared: 9/24/2008

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	6320	41,118	41,118	0	0	0	0	41,118	41,118	0
ADMINISTRATIVE EXPENSES: 6200/6300										
2 Advertising	6210	0	564	0	0	0	0	0	564	(564)
3 Apartment Resale Expense (Cooperatives)	6235	0	0	0	0	0	0	0	0	0
4 Other Renting Expenses	6250	300	168	0	0	0	0	300	168	132
5 Office Salaries	6310	13,088	14,188	0	0	0	0	13,088	14,188	(1,100)
6 Office Supplies	6311	2,100	3,186	0	0	0	0	2,100	3,186	(1,086)
7 Office or Model Apartment Rent	6312	0	0	0	0	0	0	0	0	0
8 Manager and Superintendent Salaries	6330	37,559	40,315	0	0	0	0	37,559	40,315	(2,756)
9 Manager's or Superintendent's Rent Free Unit	6331	0	0	0	0	0	0	0	0	0
10 Legal Expense - Project	6340	2,500	13,290	0	0	0	0	2,500	13,290	(10,790)
11 Audit Expense - Project	6350	3,698	3,271	0	0	0	0	3,698	3,271	427
12 Bookkeeping Fees/Accounting Services	6351	8,010	8,010	0	0	0	0	8,010	8,010	0
13 Telephone and Answering Service Expenses	6360	3,200	2,896	0	0	0	0	3,200	2,896	304
14 Bad Debt Expense	6370	10,446	2,690	0	0	0	0	10,446	2,690	7,756
15 Miscellaneous Administrative Expenses (specify)	6390	7,843	6,279	0	0	0	0	7,843	6,279	1,564
16 TOTAL ADMINISTRATIVE EXPENSES	6200/6300T	88,744	94,857	0	0	0	0	88,744	94,857	(6,113)
UTILITIES EXPENSES: 6400										
17 Fuel Oil/Coal	6420	0	0	0	0	0	0	0	0	0
18 Electricity	6450	24,000	23,476	0	0	0	0	24,000	23,476	524
19 Water	6451	11,000	15,837	0	0	0	0	11,000	15,837	(4,837)
20 Gas	6452	27,000	43,440	0	0	0	0	27,000	43,440	(16,440)
21 Sewer	6453	29,600	41,486	0	0	0	0	29,600	41,486	(11,886)
22 TOTAL UTILITIES EXPENSES	6400T	91,600	124,239	0	0	0	0	91,600	124,239	(32,639)
OPERATING AND MAINTENANCE EXPENSES: 6500										
23 Janitor and Cleaning Payroll	6510	29,193	32,466	0	0	0	0	29,193	32,466	(3,273)
24 Janitor and Cleaning Supplies	6515	10,000	7,940	0	0	0	0	10,000	7,940	2,060
25 Janitor and Cleaning Contracts	6517	0	0	0	0	0	0	0	0	0
26 Exterminating Payroll/Contract	6519	6,000	11,674	0	0	0	0	6,000	11,674	(5,674)
27 Exterminating Supplies	6520	0	0	0	0	0	0	0	0	0
28 Garbage and Trash Removal	6525	28,592	26,162	0	0	0	0	28,592	26,162	2,430
29 Security Payroll/Contract	6530	130,809	127,413	0	0	0	0	130,809	127,413	3,396
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	36,868	28,727	0	0	0	0	36,868	28,727	8,141
34 Repairs Material	6541	7,000	8,131	0	0	0	0	7,000	8,131	(1,131)
35 Repairs Contract	6542	19,800	35,136	0	0	0	0	19,800	35,136	(15,336)
36 Elevator Maintenance/Contract	6545	2,400	2,222	0	0	0	0	2,400	2,222	178
37 Heating/Cooling Repairs and Maintenance	6546	3,000	0	0	0	0	0	3,000	0	3,000
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	2,500	0	0	0	0	0	2,500	0	2,500
43 Misc. Operating and Maintenance Expenses (specify)	6590	11,300	10,874	0	0	0	0	11,300	10,874	426
44 TOTAL OPERATING & MAINTENANCE EXPENSES	6500T	287,462	290,745	0	0	0	0	287,462	290,745	(3,283)
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	24,847	25,383	0	0	0	0	24,847	25,383	(536)
47 Misc. Taxes, Licenses and Permits	6719	2,500	2,853	0	0	0	0	2,500	2,853	(353)
48 Property and Liability Insurance (Hazard)	6720	37,627	29,067	0	0	0	0	37,627	29,067	8,560
49 Fidelity Bond Insurance	6721	0	0	0	0	0	0	0	0	0
50 Worker's Compensation	6722	16,239	13,500	0	0	0	0	16,239	13,500	2,739
51 Health Insurance and Other Employee Benefits	6723	46,407	40,618	0	0	0	0	46,407	40,618	5,789
52 Other Insurance	6729	1,248	1,124	0	0	0	0	1,248	1,124	124
53 TOTAL TAXES AND INSURANCE	6700T	128,868	112,545	0	0	0	0	128,868	112,545	16,323
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	0	0	0	0	0	0	0	0	0
58 TOTAL ASSISTED LIVING EXPENSES	6900T	0	0	0	0	0	0	0	0	0
61 TOTAL OPERATING COSTS		637,792	663,504	0	0	0	0	637,792	663,504	(25,712)

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

ACTUAL CASH FLOW ANALYSIS

Multi-Family Housing Program (MHP)
ACTUAL CASH FLOW ANALYSIS

Reporting Period: 07/01/2007 to 06/30/2008

Contract No: 02-MHP-113
Project Name: Senator Residence
Prepared by: Lindquist, von Husen & Joyce LLP
Date Prepared: 9/24/2008

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	281,448	271,441	0	0	0	0	281,448	271,441	(10,007)
2 Tenant Assistance Payments	5121	668,400	639,687	0	0	0	0	668,400	639,687	(28,713)
3 Rent revenue - Stores and Commercial	5140	0	0	0	0	0	0	0	0	0
4 Garage and Parking Spaces	5170	0	695	0	0	0	0	0	695	695
5 Flexible Subsidy Revenue	5185	0	0	0	0	0	0	0	0	0
6 Miscellaneous Rent Revenue	5190	19,200	19,200	0	0	0	0	19,200	19,200	0
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	4,107	0	0	0	0	0	4,107	4,107
10 Retained Excess Income	5194	0	0	0	0	0	0	0	0	0
11 GROSS RENT REVENUE	5100T	969,048	935,130	0	0	0	0	969,048	935,130	(33,918)
<i>Total Vacancies (HCD Use Only)</i>	5200T	20,475	0	0	0	0	0	20,475	0	0
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>	6300T	0	0	0	0	0	0	0	0	0
FINANCIAL REVENUE: 5400										
21 Financial Revenue - Project Operations	5410	0	246	0	0	0	0	0	246	246
<i>Total Financial Revenue</i>	5400T	0	246	0	0	0	0	0	246	246
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	20	0	0	0	0	0	20	20
24 Damages and Cleaning Fees	5930	0	301	0	0	0	0	0	301	301
25 Forfeited Tenant Security Deposits	5940	0	0	0	0	0	0	0	0	0
26 Other Revenue	5990	0	50	0	0	0	0	0	50	50
<i>Total Other Revenue</i>	5900T	0	371	0	0	0	0	0	371	371
27 EFFECTIVE GROSS RENT (EGR)	5152T	948,573	935,747	0	0	0	0	948,573	935,747	(12,826)
28 TOTAL OPERATING EXPENSES	6000T	637,792	663,504	0	0	0	0	637,792	663,504	(25,712)
29 NET OPERATING INCOME (NOI)	5000T	310,781	272,243	0	0	0	0	310,781	272,243	(38,538)
FINANCIAL EXPENSES: 6800										
30 Non-Contingent Debt Service (specify lender)	6895									
1st Mortgage =		242,513	242,513	0	0	0	0	242,513	242,513	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>	6800T	260,551	260,551	0	0	0	0	260,551	260,551	0
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>		37,845	37,845	0	0	0	0	37,845	37,845	0
38 PROJECT CASH FLOW (CF)		12,385	(26,153)	0	0	0	0	12,385	(26,153)	(38,538)
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	0	0	0	0	0	0	0	0
41 Borrower Contribution		0	0	0	0	0	0	0	0	0
42 Other (specify)		0	0	0	0	0	0	0	0	0
<i>Total Additional Revenue</i>		0	0	0	0	0	0	0	0	0
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		12,385	0	0	0	0	0	12,385	0	(12,385)
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>		12,385	0	0	0	0	0	12,385	0	(12,385)

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

ANNUAL REPORT SUPPLEMENTAL INFORMATION

Explanation of other Withdrawals:

ADDITIONAL REQUESTED INFORMATION FOR FY:

2007-08

ITEM	YES	NO	DATES PAID AND COMMENTS
1. Operating Reserves: Funded monthly? If not, how often?		NO	Capitalization at loan closing resulted in Operating Reserves being fully funded at greater than 25% of annual operating expenses, so no contributions required during fiscal year.
2. Replacement Reserves: Funded monthly? If not, how often?	YES		
3. Security Deposit Acct. : Bal. equal to/greater than security deposit liability plus interest? Explain if "No".	YES		
4. Taxes: Paid current, on time & no late fees incurred?	YES		
5. Insurance: Is coverage according to Regulatory Agreement?	YES		
6. Insurance: Paid current and the renewal policy paid on time?	YES		
7. Required Debt Service: Paid current & always paid by due date?	YES		
8. Debt: Has additional indebtedness been incurred? (If "YES", explain what, when and with whom.)		NO	
9. Other Reserve Account?: Name other reserve accounts, how funded, who controls them and their purpose.		NO	
10. Account Insurance: Are all accounts insured by Federal Gov't?	YES		

**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 corporation, and Subsidiaries, as of and for the year ended June 30, 2008, and have issued our report thereon dated January 27, 2009. 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 consolidated 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 the Community Housing Partnership and Subsidiaries' internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the organization's consolidated financial statements that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the consolidated financial statements will not be prevented or detected by the organization's internal control.

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 the internal control that might be 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.



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AN INDEPENDENT MEMBER FIRM OF BKR INTERNATIONAL WITH ASSOCIATES IN PRINCIPAL CITIES WORLDWIDE

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 consolidated 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 other matters that we reported to management of Community Housing Partnership and Subsidiaries in a separate letter dated January 27, 2009.

This report is intended solely for the information and use of the audit committee, the City and County of San Francisco, management, board of directors, others within the organization, 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.

Sindquist, von Husen and Joyce LLP

January 27, 2009



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 APPLICABLE TO
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 are applicable to each of its major federal programs for the year ended June 30, 2008. 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 are applicable to each of its major federal programs for the year ended June 30, 2008.

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 requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, 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 control deficiency in an organization's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the organization's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that noncompliance with a type of material compliance requirement of a federal program will not be prevented or detected by the organization's internal control.

Our consideration of internal control over compliance 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 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 the audit committee, the City and County of San Francisco, management, board of directors, others within the organization, 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 Huen and Joyce LLP

January 27, 2009

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED JUNE 30, 2008

<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	\$ 141,313
City and County of San Francisco, Mayor's Office of Housing, San Cristina Hotel	14.218	Unavailable	2,116,506
			<u>2,257,819</u>
Supportive Housing Program:			
Pass-through awards:			
City and County of San Francisco, Department of Human Services:			
Supportive Services Program	14.235	Unavailable	397,109
Direct awards:			
Supportive Housing Program – Iroquois Operations	14.235	CA39-B94-0297	149,998
Supportive Housing Program – Iroquois Capital Improvements	14.235	CA39-B94-0297	400,000
			<u>947,107</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	167,475
Section 8 Moderate Rehabilitation (Pass Through):			
Program Single Room Occupancy – San Cristina	14.249	Unavailable	450,281
Section 8 Moderate Rehabilitation (Pass Through):			
Lower Income Housing Assistance Program – Iroquois and Senator	14.856	Unavailable	1,283,168
Section 8 Housing Choice Vouchers (Pass Through) –			
Island Bay	14.871	Unavailable	391,344
			<u>2,292,268</u>
Total U.S. Department of Housing and Urban Development			<u>5,497,194</u>
U.S. Department of Health and Human Services:			
Office of Community Services:			
Direct Awards:			
Capacity Building	93.009	90IJ-0531	26,472
Economic Development	93.570	90EE-078-0101	95,367
			<u>121,839</u>
Total U.S. Department of Health and Human Services			<u>121,839</u>
TOTAL FEDERAL AWARDS			<u><u>\$ 5,619,033</u></u>

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES
 (A California Nonprofit Public Benefit Corporation)
 NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 YEAR ENDED JUNE 30, 2008

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, 2008. 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, 2008

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:

CFDA #14.218

Community Development Block Grant Program

Dollar threshold used to distinguish between Type A and Type B programs:

\$300,000

Auditee qualified as low-risk auditee?

 X Yes _____ No

COMMUNITY HOUSING PARTNERSHIP AND SUBSIDIARIES

(A California Nonprofit Public Benefit Corporation)

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED JUNE 30, 2008

Section II – Financial Statement Findings

None noted

Section III – Federal Award Findings and Questioned Costs

None noted.