COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
with
Report of Independent Auditors

For the Years Ended June 30, 2019 and 2018

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

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NOVOGRADAC & COMPANY LLP®

Report of Independent Auditors

To the Board of Directors of
Community Housing Partnership and Affiliates:

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Community Housing Partnership, a California nonprofit corporation, and affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

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

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

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

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As discussed in Note 2 to the financial statements, Community Housing Partnership and Affiliates adopted a change in accounting principle for financial reporting, primarily related to the presentation of net assets and required disclosures related to liquidity and functional expenses. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 45 to 52 is presented for purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual companies, and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2020, on our consideration of the Organization's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Novogradac & Company LLP

Walnut Creek, California
January 31, 2020

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2019

	CHP Program Services	*CHP Property Operations*	*Subtotal*	*Eliminations*	*Total*
ASSETS					
Current assets					
Cash and cash equivalents	$ 1,598,388	$ 5,749,342	$ 7,347,730	$ -	$ 7,347,730
Receivables					
Government grants	642,548	-	642,548	-	642,548
Other grants and contributions	275,000	-	275,000	-	275,000
Contract services	455,881	-	455,881	-	455,881
Related parties - current portion	2,783,708	283,884	3,067,592	(3,067,592)	-
Developer fee receivable - current portion	947,781	-	947,781	(770,281)	177,500
Rent, subsidy, and others	22,324	1,641,688	1,664,012	-	1,664,012
Prepaid expenses and deposits	192,490	2,411,999	2,604,489	-	2,604,489
Marketable securities	7,807	-	7,807	-	7,807
Total current assets	6,925,927	10,086,913	17,012,840	(3,837,873)	13,174,967
Related party receivable - net of current portion	2,455,000	2,426,000	4,881,000	(4,881,000)	-
Developer fee receivable - net of current portion	1,995,258	-	1,995,258	(1,995,258)	-
Restricted deposits					
Replacement, operating and other reserves	725,020	15,412,857	16,137,877	-	16,137,877
Tenant security deposits	8,075	314,903	322,978	-	322,978
Development-in-progress	-	731,645	731,645	-	731,645
Fixed assets - net	1,109,576	219,248,398	220,357,974	-	220,357,974
Deferred costs - net	-	237,225	237,225	-	237,225
Investment in other companies	5,560,964	2,755,566	8,316,530	(8,311,530)	5,000
Total non-current assets	11,853,893	241,126,594	252,980,487	(15,187,788)	237,792,699
Total assets	$ 18,779,820	$ 251,213,507	$ 269,993,327	$ (19,025,661)	$ 250,967,666
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	$ 2,133,917	$ 730,874	$ 2,864,791	$ 66,570	$ 2,931,361
Related parties - current portion	1,302,804	2,366,139	3,668,943	(3,654,443)	14,500
Interest payable - current portion	-	251,341	251,341	-	251,341
Notes payable, net - current portion	250,000	379,586	629,586	(250,000)	379,586
Total current liabilities	3,686,721	3,727,940	7,414,661	(3,837,873)	3,576,788
Tenant security deposits	12,452	365,587	378,039	-	378,039
Deferred income	17,229	1,797,537	1,814,766	4,059,660	5,874,426
Related parties - net of current portion	-	1,995,258	1,995,258	(1,995,258)	-
Interest payable - net of current portion	-	18,503,439	18,503,439	-	18,503,439
Notes payable, net - net of current portion	2,455,000	150,697,229	153,152,229	(4,881,000)	148,271,229
Total non-current liabilities	2,484,681	173,359,050	175,843,731	(2,816,598)	173,027,133
Total liabilities	6,171,402	177,086,990	183,258,392	(6,654,471)	176,603,921
Net assets					
Net assets without donor restrictions					
Controlling interest	12,378,418	3,737,478	16,115,896	(12,371,190)	3,744,706
Non-controlling interest	-	65,253,533	65,253,533	-	65,253,533
Total net assets without donor restrictions	12,378,418	68,991,011	81,369,429	(12,371,190)	68,998,239
Net assets with donor restrictions	230,000	5,135,506	5,365,506	-	5,365,506
Total net assets	12,608,418	74,126,517	86,734,935	(12,371,190)	74,363,745
Total liabilities and net assets	$ 18,779,820	$ 251,213,507	$ 269,993,327	$ (19,025,661)	$ 250,967,666

see accompanying notes to consolidated financial statements

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2018

	CHP Program Services	*CHP Property Operations*	*Subtotal*	*Eliminations*	*Total*
ASSETS					
Current assets					
Cash and cash equivalents	$ 1,454,891	$ 2,583,333	$ 4,038,224	$ -	$ 4,038,224
Receivables					
Government grants	642,570	-	642,570	-	642,570
Other grants and contributions	61,000	-	61,000	-	61,000
Contract services	372,954	-	372,954	-	372,954
Related parties - current portion	2,928,345	412,961	3,341,306	(3,341,306)	-
Developer fee receivable - current portion	1,795,281	-	1,795,281	(1,720,281)	75,000
Rent, subsidy, and others	8,250	3,346,937	3,355,187	-	3,355,187
Prepaid expenses and deposits	113,072	2,451,778	2,564,850	-	2,564,850
Marketable securities	5,269	-	5,269	-	5,269
Total current assets	7,381,632	8,795,009	16,176,641	(5,061,587)	11,115,054
Related party receivable - net of current portion	2,455,000	2,426,000	4,881,000	(4,881,000)	-
Developer fee receivable - net of current portion	434,269	-	434,269	(434,269)	-
Restricted deposits					
Replacement, operating and other reserves	436,573	12,402,357	12,838,930	-	12,838,930
Tenant security deposits	8,072	294,384	302,456	-	302,456
Development-in-progress	129,506	22,163,051	22,292,557	-	22,292,557
Fixed assets - net	1,177,920	196,601,218	197,779,138	-	197,779,138
Deferred costs - net	-	265,719	265,719	-	265,719
Investment in other companies	4,805,364	2,756,343	7,561,707	(7,556,707)	5,000
Total non-current assets	9,446,704	236,909,072	246,355,776	(12,871,976)	233,483,800
Total assets	$ 16,828,336	$ 245,704,081	$ 262,532,417	$ (17,933,563)	$ 244,598,854
LIABILITIES AND NET ASSETS					
Current liabilities					
Accounts payable and accrued expenses	$ 1,685,115	$ 934,675	$ 2,619,790	$ (47,818)	$ 2,571,972
Development costs payable	-	2,169,679	2,169,679	-	2,169,679
Related parties - current portion	1,421,834	3,356,435	4,778,269	(4,763,769)	14,500
Line of credit	502,000	-	502,000	-	502,000
Interest payable - current portion	-	339,111	339,111	-	339,111
Notes payable, net - current portion	250,000	27,133,506	27,383,506	(250,000)	27,133,506
Total current liabilities	3,858,949	33,933,406	37,792,355	(5,061,587)	32,730,768
Tenant security deposits	6,838	316,820	323,658	-	323,658
Deferred income	8,746	1,216,036	1,224,782	2,826,600	4,051,382
Related parties - net of current portion	-	434,269	434,269	(434,269)	-
Interest payable - net of current portion	-	16,067,328	16,067,328	-	16,067,328
Notes payable, net - net of current portion	2,455,000	149,361,051	151,816,051	(4,881,000)	146,935,051
Total non-current liabilities	2,470,584	167,395,504	169,866,088	(2,488,669)	167,377,419
Total liabilities	6,329,533	201,328,910	207,658,443	(7,550,256)	200,108,187
Net assets					
Net assets without donor restrictions					
Controlling interest	10,308,701	1,583,427	11,892,128	(10,383,307)	1,508,821
Non-controlling interest	-	37,656,238	37,656,238	-	37,656,238
Total net assets without donor restrictions	10,308,701	39,239,665	49,548,366	(10,383,307)	39,165,059
Net assets with donor restrictions	190,102	5,135,506	5,325,608	-	5,325,608
Total net assets	10,498,803	44,375,171	54,873,974	(10,383,307)	44,490,667
Total liabilities and net assets	$ 16,828,336	$ 245,704,081	$ 262,532,417	$ (17,933,563)	$ 244,598,854

see accompanying notes to consolidated financial statements

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2019

	CHP Program Services	*CHP Property Operations*	*Subtotal*	*Eliminations*	*Total*
Change in net assets without donor restrictions					
Revenue					
Government grants	$ 8,171,594	$ -	$ 8,171,594	$ -	$ 8,171,594
Contributions	2,014,365	-	2,014,365	-	2,014,365
In-kind contributions	71,153	-	71,153	-	71,153
Contract service income	2,939,436	-	2,939,436	-	2,939,436
Rent and subsidy income - net	197,662	18,322,346	18,520,008	(49,170)	18,470,838
Operating subsidy grants	-	2,127,901	2,127,901	-	2,127,901
Developer fees	3,628,489	-	3,628,489	(3,360,989)	267,500
Related party fees	3,860,004	-	3,860,004	(3,860,004)	-
Loss from investment in other companies	(244,400)	(777)	(245,177)	245,177	-
Interest and other income	84,463	273,823	358,286	(57,553)	300,733
Investment income	2,538	-	2,538	-	2,538
Total revenue	20,725,304	20,723,293	41,448,597	(7,082,539)	34,366,058
Net assets released from restrictions	160,102	-	160,102	-	160,102
Total revenue net assets released from restrictions	20,885,406	20,723,293	41,608,699	(7,082,539)	34,526,160
Expenses					
Program services	14,569,956	18,102,520	32,672,476	(5,983,320)	26,689,156
Management and general	3,084,975	-	3,084,975	-	3,084,975
Fundraising	795,407	-	795,407	-	795,407
Total expenses before deferred interest, depreciation and amortization	18,450,338	18,102,520	36,552,858	(5,983,320)	30,569,538
Change in net assets without donor restrictions before deferred interest, depreciation and amortization	2,435,068	2,620,773	5,055,841	(1,099,219)	3,956,622
Deferred interest	-	2,492,245	2,492,245	-	2,492,245
Depreciation and amortization	365,351	7,550,782	7,916,133	(111,336)	7,804,797
Total deferred interest, depreciation and amortization	365,351	10,043,027	10,408,378	(111,336)	10,297,042
Change in net assets without donor restrictions	2,069,717	(7,422,254)	(5,352,537)	(987,883)	(6,340,420)
Change in net assets with donor restrictions					
Contributions	200,000	-	200,000	-	200,000
Releases from net assets with donor restrictions	(160,102)	-	(160,102)	-	(160,102)
Change in net assets with donor restrictions	39,898	-	39,898	-	39,898
Total change in net assets	2,109,615	(7,422,254)	(5,312,639)	(987,883)	(6,300,522)
Net assets, beginning of year	10,498,803	44,375,171	54,873,974	(10,383,307)	44,490,667
Capital contributions - non-controlling interest	-	36,173,600	36,173,600	-	36,173,600
Capital contributions - controlling interest	-	1,000,000	1,000,000	(1,000,000)	-
Net assets, end of year	$ 12,608,418	$ 74,126,517	$ 86,734,935	$ (12,371,190)	$ 74,363,745
Reconciliation of net assets					
Controlling interest					
Beginning of year					$ 6,834,429
Changes in net assets					2,275,783
End of year					9,110,212
Non-controlling interest					
Beginning of year					37,656,238
Capital contributions					36,173,600
Changes in net assets					(8,576,305)
End of year					65,253,533
Net assets, end of year					$ 74,363,745

see accompanying notes to consolidated financial statements

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	CHP Program Services	*CHP Property Operations*	*Subtotal*	*Eliminations*	*Total*
Change in net assets without donor restrictions					
Revenue					
Government grants	$ 8,847,270	$ -	$ 8,847,270	$ -	$ 8,847,270
Contributions	1,719,007	-	1,719,007	-	1,719,007
In-kind contributions	23,133	-	23,133	-	23,133
Contract service income	2,580,996	-	2,580,996	-	2,580,996
Rent and subsidy income - net	212,085	14,075,610	14,287,695	(15,688)	14,272,007
Operating subsidy grants	-	3,893,400	3,893,400	-	3,893,400
Developer fees	2,225,000	-	2,225,000	(2,150,000)	75,000
Related party fees	4,408,722	-	4,408,722	(4,408,722)	-
Loss from investment in other companies	(365,400)	(856)	(366,256)	366,256	-
Interest and other income	115,122	331,695	446,817	(50,147)	396,670
Investment income	250	-	250	-	250
Total revenue	19,766,185	18,299,849	38,066,034	(6,258,301)	31,807,733
Net assets released from restrictions	381,509	-	381,509	-	381,509
Total revenue net assets released from restrictions	20,147,694	18,299,849	38,447,543	(6,258,301)	32,189,242
Expenses					
Program services	14,710,028	16,891,036	31,601,064	(5,660,288)	25,940,776
Management and general	3,212,674	-	3,212,674	-	3,212,674
Fundraising	577,931	-	577,931	-	577,931
Total expenses before deferred interest, depreciation and amortization	18,500,633	16,891,036	35,391,669	(5,660,288)	29,731,381
Change in net assets without donor restrictions before deferred interest, depreciation and amortization	1,647,061	1,408,813	3,055,874	(598,013)	2,457,861
Deferred interest	-	2,388,293	2,388,293	-	2,388,293
Depreciation and amortization	633,380	6,791,251	7,424,631	(79,726)	7,344,905
Total deferred interest, depreciation and amortization	633,380	9,179,544	9,812,924	(79,726)	9,733,198
Change in net assets without donor restrictions	1,013,681	(7,770,731)	(6,757,050)	(518,287)	(7,275,337)
Change in net assets with donor restrictions					
Contributions	190,102	-	190,102	-	190,102
Releases from net assets with donor restrictions	(381,509)	-	(381,509)	-	(381,509)
Change in net assets with donor restrictions	(191,407)	-	(191,407)	-	(191,407)
Total change in net assets	822,274	(7,770,731)	(6,948,457)	(518,287)	(7,466,744)
Net assets, beginning of year	9,676,529	52,031,594	61,708,123	(9,865,020)	51,843,103
Capital contributions - non-controlling interest	-	116,708	116,708	-	116,708
Decrease in net assets from the consolidation of San Cristina, L.P.	-	(2,400)	(2,400)	-	(2,400)
Net assets, end of year	$ 10,498,803	$ 44,375,171	$ 54,873,974	$ (10,383,307)	$ 44,490,667
Reconciliation of net assets					
Controlling interest					
Beginning of year					$ 6,808,308
Changes in net assets					28,521
Decrease in net assets from the consolidation of San Cristina, L.P.					(2,400)
End of year					6,834,429
Non-controlling interest					
Beginning of year					45,034,795
Capital contributions					116,708
Changes in net assets					(7,495,265)
End of year					37,656,238
Net assets, end of year					$ 44,490,667

see accompanying notes to consolidated financial statements

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

FOR THE YEAR ENDED JUNE 30, 2019

	Program Services	Management and General	Fundraising	Subtotal	Eliminations	Total
Expenses						
Professional fees	$ 462,735	$ 294,267	$ 90,089	$ 847,091	$ -	$ 847,091
Office and administration costs	1,889,047	447,870	190,029	2,526,946	(91,119)	2,435,827
Consulting and contract services	713,842	105,358	8,089	827,289	-	827,289
Repairs and maintenance	3,039,602	363	-	3,039,965	(5,612)	3,034,353
Occupancy and ground lease expense	1,237,479	91,640	19,894	1,349,013	(49,170)	1,299,843
Utilities	2,734,368	8,417	1,827	2,744,612	-	2,744,612
Real estate taxes, business licenses and permits	134,944	245	-	135,189	-	135,189
Tenant projects and activities	822,611	3,401	9,464	835,476	(342,623)	492,853
Insurance	1,219,697	6,807	1,524	1,228,028	-	1,228,028
Intercompany, indirect and company-wide costs	3,556,061	6,028	-	3,562,089	(3,478,203)	83,886
Interest and bank charges	3,999,874	1,355	1	4,001,230	-	4,001,230
Depreciation and amortization	7,916,133	-	-	7,916,133	(111,336)	7,804,797
Wages, benefits, payroll taxes and expenses	15,354,461	2,119,224	474,490	17,948,175	(2,016,593)	15,931,582
Total expenses	$ 43,080,854	$ 3,084,975	$ 795,407	$ 46,961,236	$ (6,094,656)	$ 40,866,580

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2019 AND 2018

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (6,300,522)	$ (7,466,744)
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Interest expense - debt issuance costs	12,970	306,196
Amortization of discount	24,766	13,981
Investment income	(2,538)	(250)
Depreciation and amortization	7,804,797	7,344,905
(Increase) decrease in assets		
Accounts receivable	1,394,270	(2,439,617)
Developer fee receivable	(102,500)	15,000
Prepaid expenses and deposits	(39,639)	275,273
Tenant security deposits	(20,522)	1,716
Marketable securities	-	(1,500)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	359,389	655,799
Deferred income	1,934,380	154,146
Tenant security deposits payable	54,381	(4,942)
Interest payable	2,350,640	2,447,883
Net cash provided by operating activities	7,469,872	1,301,846
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in investment in other companies	-	(5,000)
Net (increase) decrease in restricted deposit for reserves	(3,298,947)	1,768,522
Purchases of property and equipment, including development-in-progress	(10,814,614)	(23,451,899)
Payment of tax credit fees	(19,730)	-
Net cash used in investing activities	(14,133,291)	(21,688,377)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions - non-controlling interest	36,173,600	116,708
(Payments of) proceeds from line of credit	(502,000)	502,000
Payment of notes payable	(39,031,800)	(1,032,104)
Proceeds from notes payable	13,521,563	23,075,617
Payment of loan costs	(188,438)	(23,348)
Net cash provided by financing activities	9,972,925	22,638,873
Net increase in cash and cash equivalents	3,309,506	2,252,342
Cash and cash equivalents at beginning of year	4,038,224	1,785,882
Cash and cash equivalents at end of year	$ 7,347,730	$ 4,038,224
Supplemental disclosure of cash flow information		
Cash paid for capitalized interest	$ 425,560	$ 462,951
Cash paid for interest expense	$ 1,603,323	$ 786,191
Supplemental disclosure of noncash activities		
Increase in accounts payable and accrued expenses from the consolidation of San Cristina, L.P.	$ -	$ 2,400
Increase in fixed assets from capitalized amortization of debt issuance costs	$ 240,898	$ 110,482
Increase in fixed assets from accrued interest	$ -	$ 67,590
Decrease of deferred income from amortization of development fees	$ 111,336	$ 79,726

see accompanying notes to consolidated financial statements

1. Organization

Community Housing Partnership and affiliates ("CHP" or "Organization") is a California non-profit public benefit corporation first incorporated in March 1990. CHP's mission is to help homeless people secure housing and become self-sufficient. Through an integrated network of services, from housing to employment, CHP ensures each client has an individualized pathway to success. For the purposes of CHP's financial statements, activities are divided into these functional areas:

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

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

Social Enterprise and Workforce Services: CHP prepares and assists clients living in affordable housing to enter the workforce in lobby services positions. CHP's social enterprise, doing business as Solutions SF, provides front desk staffing services to numerous clients in San Francisco.

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

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

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

CHP is the sole member of limited liability companies (LLCs) that hold, or intend to hold, a controlling general partner interest in their respective limited partnerships providing affordable housing. These entities, which are included in the consolidated financial statements of CHP in accordance with generally accepted accounting principles, are single-member LLCs holding a controlling general partner interest in their respective limited partnerships that provide, or will provide, affordable housing:

Limited Liability Companies	*Limited Partnerships*
CHP Essex LLC	Hotel Essex, L.P.
CHP Eddy LLC	650 Eddy, L.P.
CHP San Cristina LLC	San Cristina, L.P.
CHP Scott Street LLC	CHP Scott Street, L.P.
CHP Ellis LLC	473 Ellis, L.P.
CHP Arendt LLC	Arendt House, L.P.
CHP Fulton Street LLC	365 Fulton, L.P.
CHP 666 RAD LLC	666 Ellis, L.P.
CHP 1750 RAD LLC	1750 McAllister, L.P.
Folsom Essex LLC	25 Essex, L.P.
CHP Colton LLC	

CHP is also the sole member of CHP Fifth Street LLC, which operates 5^{th} Street Apartments, a development which houses and supports young adults at risk of homelessness, and is also the site of CHP's centralized training center.

1. Organization (continued)

CHP is also the sole member of Treasure Island Family Services Space LLC, which supports property management and supportive services for low-income families.

CHP is the sole member of CHP Civic Center LLC, which was formed in order to lease the rentable space at Civic Center Hotel (see note 17) and develop an on-site Navigation Center to provide supportive services and help tenants transition to permanent housing.

2. Summary of significant accounting policies and nature of operations

Basis of accounting
The Organization uses the accrual method of accounting consistent with accounting principles generally accepted in the United States of America, which recognizes income in the period earned and expenses when incurred, regardless of the timing of payments.

Principles of consolidation
The consolidated financial statements include the accounts of CHP, a nonprofit corporation, and the activity of limited partnerships and limited liability companies that are controlled by CHP. All significant intercompany transactions and balances have been eliminated in these consolidated financial statements.

Non-controlling interest
The non-controlling interest represents the aggregate balance of limited partner equity interests in Hotel Essex, L.P., 650 Eddy, L.P., 473 Ellis, L.P., Arendt House, L.P., 365 Fulton, L.P., CHP Scott Street, L.P., 25 Essex, L.P., 666 Ellis, L.P., and 1750 McAllister, L.P. The aggregate balance of the limited partners' interest is shown in net assets without donor restrictions.

Investments in other companies
CHP's investments in other companies are recorded using the equity method. The investments were initially recorded at cost and then adjusted for CHP's proportionate share of undistributed earnings or losses. Investments in other companies that are controlled by CHP are eliminated in these consolidated financial statements.

Financial statement presentation
The Organization is required to report information regarding its financial position and activities according to the following net asset classifications:

Net assets without donor restrictions: Net assets that are not subject to donor-imposed restrictions and may be expended for any purpose in performing the primary objectives of the Organization. These net assets may be used at the discretion of the Organization's management and the board of directors.

Net assets with donor restrictions: Net assets subject to stipulations imposed by donors and grantors. Some donor restrictions are temporary in nature, which will be met by actions of the Organization or by the passage of time. Other donor restrictions, if applicable, are perpetual in nature, whereby the donor has stipulated the funds be maintained in perpetuity.

2. Summary of significant accounting policies and nature of operations (continued)

Financial statement presentation (continued)
Donor restricted contributions are reported as increases in net assets with donor restrictions. When a restriction expires, net assets are reclassified from net assets with donor restrictions to net assets without donor restrictions in the statements of activities and changes in net assets.

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

Restricted cash is not considered cash and cash equivalents, and includes cash held with financial institutions for refunds of tenant security deposits, funding of operating deficits, repairs or improvements to the buildings that extend their useful lives, loan repayments, and other restrictions as stated in the Organization's various governing agreements. Restricted cash does not fall under the criteria for net assets with donor restrictions as these funds are held for operational purposes rather than donor imposed restrictions.

Concentration of credit risk
The Organization maintains its cash in bank deposit accounts which, at times, may exceed federally insured limits. The Organization has not experienced any losses in such accounts. The Organization believes it is not exposed to any significant credit risk on cash and cash equivalents.

Accounts receivable and contributions receivable
Management considers receivables to be fully collectible. If amounts become uncollectible, they are charged to operations in the period in which that determination is made. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Fixed assets and depreciation
Purchased fixed assets are stated at cost. The cost associated with the development and the construction of real property is capitalized. Newly purchased, acquired, constructed, or donated fixed assets are capitalized if they have an expected useful life greater than one year and have a value of $2,500 or more. Building improvements, upgrades, or repairs are capitalized if they have a value of $2,500 or more and they have a useful life of more than one year, or extend the useful life of an existing asset by more than one year. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in income.

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. The useful lives of the Organization's assets are estimated as follows:

Buildings	27.5 to 55 years
Building improvements	10 to 55 years
Land improvements	15 years
Leasehold improvements	3 to 10 years
Furniture, fixtures & equipment	3 to 10 years

2. Summary of significant accounting policies and nature of operations (continued)

Impairment of long-lived assets
The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis, or other valuation technique. There were no impairment losses recognized during the years ended June 30, 2019 and 2018.

Development-in-progress
The Organization incurs costs during the construction or rehabilitation phase of each affordable or other housing project. Such costs include governmental fees, legal, consulting and other fees needed to assess a project's feasibility and arrange for financing, in addition to the hard construction costs. These costs are recorded as development-in-progress until the project is completed and placed in service.

Deferred costs and amortization
Deferred costs are comprised of tax credit fees, which are amortized on a straight-line basis over the respective tax credit compliance period. The balance of deferred tax credit fees as of June 30, 2019 and 2018 was $237,225 and $265,719, respectively. The related amortization expense for the years ended June 30, 2019 and 2018 was $48,224 and $42,230, respectively.

Income taxes
CHP is exempt from federal income taxes under Internal Revenue Code Section 501(c)(3) and from California income and franchise taxes under Revenue and Taxation Code Section 23701(d).

Single member limited liability companies are disregarded as an entity separate from its owner.

Income taxes on affiliated partnerships are levied on the partners in their individual capacity. All profits and losses of the partnerships are recognized by each partner on its respective tax return. Accordingly, no provision for income taxes is reflected in the accompanying consolidated financial statements.

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires the Organization to report information regarding its exposure to various tax positions taken by the Organization. Management has determined whether any tax positions have met the recognition threshold and has measured the Organization's exposure to those tax positions. Management believes that the Organization has adequately addressed all relevant tax positions and that there are no unrecorded tax liabilities. Federal and state tax authorities generally have the right to examine and audit the previous three years of tax returns filed. Any interest or penalties assessed to the Organization are recorded in operating expenses. No interest or penalties from federal or state tax authorities were recorded in the accompanying financial statements.

2. Summary of significant accounting policies and nature of operations (continued)

Fair value measurements

The Organization applies the accounting provisions related to fair value measurements. These provisions define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, establish a hierarchy that prioritizes the information used in developing fair value estimates, and require disclosure of fair value measurements by level within the fair value hierarchy. The hierarchy gives the highest priority to quoted prices in active markets (Level 1 measurements) and the lowest priority to unobservable data (Level 3 measurements), such as the Organization's own data. These provisions also provide valuation techniques, such as the market approach (comparable market prices), the income approach (present value of future income or cash flows) and the cost approach (cost to replace the service capacity of an asset or replacement cost).

A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels of valuation hierarchy are defined as follows:

- *Level 1*: Observable inputs such as quoted prices (unadjusted) for identical assets or liabilities in active markets.
- *Level 2*: Inputs other than quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- *Level 3*: Unobservable inputs that reflect the Organization's own assumptions.

The following table presents certain assets that are measured and recognized at fair value on a recurring basis classified under the appropriate level of the fair value hierarchy as of June 30, 2019 and 2018:

	June 30, 2019			
	Level 1	Level 2	Level 3	Fair Value
Marketable securities	$ 7,807	$ -	$ -	$ 7,807

	June 30, 2018			
	Level 1	Level 2	Level 3	Fair Value
Marketable securities	$ 5,269	$ -	$ -	$ 5,269

Investments in marketable securities consist of mutual funds and are classified within Level 1 of the fair value hierarchy because they are valued using quoted market prices, broker dealer quotations or alternative pricing sources with reasonable levels of price transparency.

Realized gains and losses on investments are determined using the specific-identification method. Unrealized gains and losses arise from changes in the fair value of debt and equity securities and are reported in the consolidated statements of activities as increases or decreases in net assets without donor restrictions.

Use of estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

2. Summary of significant accounting policies and nature of operations (continued)

Contributions

Contributions are recognized as revenue when they are pledged unconditionally. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions received are recorded as net assets without donor restrictions or net assets with donor restrictions, depending on the existence and/or nature of any donor-imposed restrictions. When a restriction expires (that is, when a stipulated time restriction ends or purpose restriction is accomplished), net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statements of activities as net assets released from restrictions. Contributions that are restricted by the donor are reported as an increase in net assets without donor restrictions if the restriction expires in the reporting period in which the contribution is recognized.

Development fees

CHP recognizes developer fee revenue as earned during the development phase of a project based on the achievement of specified benchmarks in accordance with related development agreement, which generally approximate revenue recognition by the percentage of completion method.

Developer fee profits recognized from subsidiaries are eliminated as intercompany transactions. CHP estimates that 60% of its developer fees cover related project costs. Project costs include costs of development, such as consultants, allocated internal salaries and benefits, related overhead, and other non-reimbursed fees that are ordinarily capitalized. The 40% profit portion of the development fees is considered deferred income and amortized annually to offset the depreciation expense related to the fee capitalized as real property costs.

Guarantees

Generally accepted accounting principles require a liability to be recorded for the fair value of the stand ready obligation associated with a guarantee issued after December 31, 2002. Guarantees issued between entities under common control or on behalf of an entity under common control are excluded. Consequently, no liabilities have been recorded as all guarantees are considered to be issued to entities under common control.

In-kind contributions

Donated services – The Organization receives various volunteer services throughout the year. The fair value of donated services is recognized in the financial statements if the services either (i) create or enhance a nonfinancial asset, or (ii) require specialized skills, are provided by entities or persons possessing those skills, and would need to be purchased if they were not donated. During the years ended June 30, 2019 and 2018, the value of volunteer services totaled $71,153 and $23,133, respectively, which is included in in-kind contributions on the accompanying consolidated statements of activities.

Donated assets – Donated assets are recorded at fair value on the date of donation. The Organization did not receive any donated assets during the years ended June 30, 2019 and 2018.

Economic concentrations

The Organization operates various properties located in San Francisco, California. Future operations could be affected by changes in economic or other conditions in that geographical area or by changes in demand for such housing and supportive services.

2. Summary of significant accounting policies and nature of operations (continued)

Revenue recognition

Contract service revenue is recognized when earned and represents fees earned by the Organization for services provided under various agreements and contracts in connection with the Organization's exempt purpose. Additionally, revenue resulting from special events, fees charged by the Organization, and other revenue is recorded when earned.

Rental revenue attributable to residential leases is recorded when due from residents or from the applicable federal or local housing agency. Leases are for periods of up to one year, with rental payments due monthly. Rental payments received in advance are deferred until earned. Vacancy loss and rent concessions are shown as a reduction in rental income. Rental units occupied by employees are included as both rental income and as an expense of operations.

Change in accounting principle

On August 18, 2016, FASB issued ASU 2016-14, Not-for-Profit Entities (Topic 958) – Presentation of Financial Statements of Not-for-Profit Entities. The update addresses the complexity and understandability of net asset classification, information about liquidity and availability of resources, and consistency in the type of information provided about expenses and investment return. The Organization has adjusted the presentation of these financial statements accordingly. ASU 2016-14 has been applied retrospectively to all periods presented.

Functional expenses

The cost of program services and supporting activities are presented on a functional basis in the accompanying consolidated statement of functional expenses. Expenses incurred in the direct operation of housing and other programs are presented as program services. Expenses incurred for the purpose of obtaining contributions are presented as fundraising expenses. Other expenses that are necessary to conduct the Organization as a whole, but which are not allocable to another functional expense category, are presented as management and general expenses. In addition, certain expenses are allocable among these three categories in accordance with the Organization's policies as described below.

Salary allocations are based on the type of activities performed and either estimated or actual time spent on the activities. Allocation of specific invoices or reimbursable costs are based on actual staff time spent on a project as reflected on activity logs or time sheets. Allocations of payroll taxes and employee benefits are based on a percentage of salaries as required by the IRS and CHP's workers' compensation insurance carrier. The cost of employee health benefits are allocated based on an analysis of the full time equivalent (FTE) spent on an activity or project.

Other company-wide costs necessary for the operation of program activities, management and administration of the Organization, and fundraising, which are shared among one or more functional categories, are allocated based on FTE spent on an activity or project.

Reclassifications

Certain reclassifications have been made to the prior year financial statements to conform to the current year presentation.

2. Summary of significant accounting policies and nature of operations (continued)

Subsequent events

Subsequent events have been evaluated through January 31, 2020, which is the date the consolidated financial statements were available to be issued, and there are no subsequent events requiring disclosure.

3. Restricted cash

The Organization is required by certain loan and regulatory agreements to maintain separate replacement reserves, operating reserves and other reserve accounts, withdrawal from which normally requires prior approval from the lenders or regulatory agencies. The Organization's restricted cash, in part, consisted of the following as of June 30, 2019 and 2018 as shown in the tables below:

	2019				
	Replacement Reserves	Operating Reserves	Other Reserves	Subsidy Reserves	Total
Senator Hotel	$ 232,038	$ 343,292	$ (4)	$ -	$ 575,326
San Cristina Hotel	91,139	8,040	279,950	-	379,129
Iroquois Hotel	88,847	596,285	-	-	685,132
Island Bay Homes	67,207	104,068	-	715	171,990
Hotel Essex, L.P.	379,657	339,825	-	2,308	721,790
650 Eddy, L.P.	346,829	276,939	253,367	300,790	1,177,925
Arendt House, L.P.	218,245	223,816	-	307,713	749,774
473 Ellis, L.P.	175,982	3,709,734	-	-	3,885,716
365 Fulton, L.P.	465,754	1,035,102	75,703	254,115	1,830,674
CHP Scott Street, L.P.	146,557	141,257	-	371,225	659,039
CHP Villages	87,458	210,256	609,023	-	906,737
666 Ellis, L.P.	237,749	324,983	352,639	-	915,371
25 Essex, L.P.	417,523	703,642	170,449	98,059	1,389,673
1750 McAllister	-	817,212	547,369	-	1,364,581
Total	$ 2,954,985	$ 8,834,451	$ 2,288,496	$ 1,334,925	$15,412,857

	2018				
	Replacement Reserves	Operating Reserves	Other Reserves	Subsidy Reserves	Total
Senator Hotel	$ 232,019	$ 193,110	$ 73	$ -	$ 425,274
San Cristina Hotel	120,782	8,036	279,925	-	408,743
Iroquois Hotel	104,900	227,968	-	-	332,868
Island Bay Homes	30,020	104,005	-	-	134,025
Hotel Essex, L.P.	298,263	203,299	-	2,307	503,869
650 Eddy, L.P.	334,124	276,778	253,215	1,068	865,185
Arendt House, L.P.	212,361	218,883	-	81,942	513,186
473 Ellis, L.P.	140,003	3,525,280	-	-	3,665,283
365 Fulton, L.P.	393,495	1,034,828	75,656	253,963	1,757,942
CHP Scott Street, L.P.	132,018	141,116	-	85,176	358,310
CHP Villages	67,632	194,391	50,731	-	312,754
666 Ellis, L.P.	99,053	-	619,042	-	718,095
25 Essex, L.P.	345,139	702,939	170,278	97,984	1,316,340
1750 McAllister	-	-	1,090,483	-	1,090,483
Total	$ 2,509,881	$ 6,830,633	$ 2,539,403	$ 522,440	$12,402,357

3. Restricted cash (continued)

In addition to the reserves in the tables above, the Organization also maintains a corporate reserve and supplemental reserve, the use of which is restricted by certain loan agreements. The balance of the corporate reserve as of June 30, 2019 and 2018 was $714,979 and $436,116, respectively. The balance of the supplemental reserve as of June 30, 2019 and 2018 was $10,041 and $457, respectively. The Organization is also required to hold tenant security deposits in a separate bank account in the name of each project. Security deposits as of June 30, 2019 and 2018 were $322,978 and $302,456, respectively.

Senator Hotel – In accordance with the Department of Housing and Community Development ("HCD") Multifamily Housing Program ("MHP") regulatory agreement, CHP is required to make an annual deposit of $37,845 to the replacement reserve. In accordance with the loan agreement between CHP and the City and County of San Francisco (the "City"), deposits to the operating reserve are required if the balance falls below 25% of project income, as defined, in a monthly amount equal to 3% of annual operating expenses. HCD requires operating reserve deposits in accordance with approved annual operating budgets.

San Cristina Hotel – In accordance with the HCD regulatory agreement, CHP shall make deposits into the operating and replacement reserves as specified in approved annual budgets. An additional reserve for capital replacements was funded upon the project's sale of certain transferable development rights during a prior year.

Iroquois Hotel – In accordance with the 1995 loan agreement with the City and County of San Francisco's Mayor's Office of Housing ("MOH"), CHP is required to make annual deposits to the replacement reserve equal to $10,679. This agreement also requires CHP to make monthly deposits to the operating reserve equal to 2.5% of average monthly operating expenses of the previous year until such time as the reserve reaches a balance of 25% of prior year operating expenses.

Island Bay Homes – In accordance with the loan agreement with the City, CHP is required to fund a replacement reserve in an amount equal to $500 per unit per year increasing by 3.5% annually. CHP is also required to maintain an operating reserve balance equal to 25% of the prior year operating expenses. During the fiscal year ended June 30, 2010, by agreement with the City, CHP set up a separate subsidy reserve in the amount of $128,440, which was set up via transfer from the operating reserve. The reserve was established to supplement anticipated future negative cash flows at the project.

Hotel Essex, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in the annual amount of $45,000. The agreements also require the partnership to maintain an operating reserve that is required to be funded monthly in an amount equal to one-twelfth of 3% of the prior year's actual project expenses until the balance in the operating reserve equals 25% of the prior year's actual project expenses. Additionally, according to the HCD regulatory agreement, the partnership shall fully replace any withdrawals from the operating reserve prior to using available cash flow to pay partnership fees. In addition to the replacement and operating reserves, the partnership is required to maintain an operating subsidy reserve account in accordance with the Local Operating Subsidy Program ("LOSP") grant agreement with the City. The operating subsidy reserve account is used to deposit any excess subsidy payments received from the City that have not been used in operations during the year.

3. <u>Restricted cash (continued)</u>

650 Eddy, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in the annual amount of $49,800. The agreements also require the partnership to maintain an operating reserve that is required to be funded monthly in an amount equal to a specified percentage of the prior year's actual project expenses until the balance in the operating reserve equals 25% of the prior year's actual project expenses. Additionally, according to the HCD regulatory agreement, the partnership shall fully replace any withdrawals from the operating reserve prior to using available cash flow to pay partnership fees. The partnership is also required to maintain a transition reserve in accordance with the partnership agreement and the lenders' regulatory agreement. The reserve was required to be funded in an initial amount of $250,000 with no subsequent deposits required to be made. In addition to the replacement, operating, and transition reserves, the partnership is required to maintain an operating subsidy reserve account in accordance with the LOSP grant agreement with the City. The operating subsidy reserve account is used to deposit any excess subsidy payments received from the City that have not been used in operations during the year.

Arendt House, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in the annual amount of $28,200. The agreements also require the partnership to maintain an operating reserve that is required to be funded monthly in an amount equal to one-twelfth of 3% of the prior year's actual project expenses until the balance in the operating reserve equals at least 25% of the prior year's actual project expenses. In addition to the replacement and operating reserves, the partnership is required to maintain an operating subsidy reserve account in accordance with the LOSP grant agreement with the City. The operating subsidy reserve account is used to deposit any excess subsidy payments received from the City that have not been used in operations during the year.

473 Ellis, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in the annual amount of $30,900. The HCD regulatory agreement requires the partnership to maintain an operating reserve with a minimum balance of $170,224 with any withdrawals from the reserve to be replaced in full prior to any distributions of surplus cash. The loan agreement between 473 Ellis, L.P. and the City requires the minimum operating reserve balance to be equal to 25% of the prior year's project expenses, as defined, with monthly deposits equal to one-twelfth of 3% of the prior year's actual project expenses until the minimum balance is funded. HCD also requires a supplemental operating reserve in order to fund operating deficits throughout the term of the project's HCD loan.

365 Fulton, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in an annual amount equal to $70,800. The agreements also require the partnership to maintain an operating reserve balance of 25% of prior year operating expenses. Additionally, according to the HCD regulatory agreement, the partnership shall fully replace any withdrawals from the operating reserve prior to using available cash flow to pay partnership fees. The partnership also maintains certain operating reserves pursuant to the partnership's California Housing Finance Agency regulatory agreement. In addition to the replacement and operating reserves, the partnership is required to maintain an operating subsidy reserve account in accordance with the LOSP grant agreement with the City. The operating subsidy reserve account is used to deposit any excess subsidy payments received from the City that have not been used in operations during the year. Additional reserves have been funded in accordance with the partnership agreement.

3. Restricted cash (continued)

CHP Scott Street, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in the annual amount of $13,425. The HCD regulatory agreement requires the partnership to maintain an operating reserve with a minimum balance of $411,875 with any withdrawals from the reserve to be replaced in full prior to any distributions of surplus cash. The partnership must maintain an operating subsidy reserve pursuant to the LOSP grant agreement with the City. The reserve shall be a segregated account comprised of subsidy payments received from the City prior to use in operations as outlined in the grant agreement.

25 Essex, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, after the required initial deposit of $54,600, the replacement reserve is required to be funded in an annual amount of $72,000 through equal monthly deposits. The HCD regulatory agreement requires the partnership to maintain an operating reserve with a minimum balance of $701,900 with any withdrawals from the reserve to be replaced in full prior to any distributions of surplus cash. The partnership was also required to establish lease-up reserves in the initial funding amount of $170,000, which funds shall revert to the primary operating reserve after the lease-up or stabilization period. The partnership must also maintain an operating subsidy reserve pursuant to the LOSP grant agreement with the City. The reserve shall be a segregated account comprised of subsidy payments received from the City prior to use in operations as outlined in the grant agreement.

666 Ellis, L.P. – In accordance with the partnership agreement and the lenders' regulatory agreements, after the required initial deposit of $99,000, the replacement reserve is required to be funded in an annual amount of $39,600 through equal monthly deposits. The partnership must also establish and maintain an operating reserve with a balance of $325,020, with any withdrawals from the reserve to be replaced in full prior to certain other uses of available cash. The partnership agreement and loan agreements also require a transition reserve in the initial funding amount of $325,020 to pay for operating deficits during the initial phase of the project, which funds shall revert to the primary operating reserve after the lease-up. The timing of the funding of these reserves depends on certain events in accordance with the partnership agreement. Additional reserves are required in accordance with the partnership's loan agreements.

1750 McAllister, L.P. – In accordance with the partnership agreement, after the required initial deposit of $97,000, the replacement reserve is required to be funded in an annual amount of $38,796 through equal monthly deposits. The partnership must also establish an operating reserve in the initial amount of $817,212, subject to the terms of the partnership agreement. The partnership agreement also requires a separate subsidy shortfall reserve in the initial amount of $177,284 to pay for operating deficits caused by a subsidy shortfall during the compliance period of the project, with any remaining funds to be used to pay the partnership's permanent loans. The timing of the funding of these reserves depends on certain events in accordance with the partnership agreement. Additional reserves are required in accordance with the partnership's loan agreements.

3. Restricted cash (continued)

CHP Villages – In accordance with the project's loan agreement with the City, monthly deposits to the replacement reserve are required in an amount equal to 2% of project income of the previous month, subject to adjustment by the City. The loan agreement also requires an operating reserve to be funded at a minimum balance equal to 25% of the prior year's actual project expenses. Additionally, the loan agreement requires a special surplus reserve account. The project shall deposit project income in excess of project expenses into the special surplus reserve account.

4. Contributions and grants receivable

Contributions and grants receivable as of June 30, 2019 and 2018, which represent amounts expected to be received in less than one year, consisted of the following:

	2019	2018
Federal grant receivable	$ 642,548	$ 642,570
Other contributions and grants	275,000	61,000
Total	$ 917,548	$ 703,570

5. Fixed assets

Fixed assets as of June 30, 2019 and 2018 consisted of the following:

	2019	2018
Land	$ 6,232,752	$ 6,232,752
Buildings and building improvements	259,053,673	229,756,008
Land improvements	3,118,976	2,906,175
Furniture, fixtures, and equipment	4,909,649	4,445,372
Leasehold improvements	4,447,111	3,975,109
Total fixed assets	277,762,161	247,315,416
Less accumulated depreciation	(57,404,187)	(49,536,278)
Total fixed assets, net	$ 220,357,974	$ 197,779,138
Development-in-progress	$ 731,645	$ 22,292,557

Depreciation expense during the years ended June 30, 2019 and 2018 was $7,867,909 and $7,302,675, respectively, which is shown net of deferred developer fee amortization of $111,336 and $79,726 (see note 12), respectively.

6. Investment in other companies

CHP, through its 49% ownership interest, is a co-member of Mission Bay 9 LLC with Bridge Housing Corporation ("Bridge"). Mission Bay 9 LLC was formed on January 24, 2018 to serve as the general partner of Mission Bay 9 LP, which intends to own and operate a future low-income housing development (the "Mission Bay Project"). Since Bridge is considered by the Organization to have control of the entity, the Organization accounts for its investment in Mission Bay 9 LLC under the equity method of accounting. As of June 30, 2019 and 2018, the Organization's investment balance in Mission Bay 9 LLC was $5,000, with no corresponding investment income for the years ended June 30, 2019 and 2018. Mission Bay 9 LP was formed on January 25, 2018 and is owned 1% by Mission Bay 9 LLC and 99% by Bridge Regional Partners, Inc., a Bridge affiliate, and therefore is also considered to be controlled by Bridge. As of June 30, 2019 and 2018, there was no investment balance related to Mission Bay 9 LP.

7. Related party transactions

Developer fee payable
CHP has entered into a development agreement with 25 Essex, L.P. The agreement provides for a development fee in the amount of $1,200,000 for services in connection with the development of Rene Cazenave Apartments, with $600,000 payable to CHP and $600,000 payable to MCB Family Housing, Inc (an affiliate of Bridge). As of June 30, 2019 and 2018, developer fee payable to MCB Family Housing, Inc. was $13,650, which is included in the amount due to related parties on the accompanying consolidated statements of financial position.

Pursuant to the development agreement for Arendt House, L.P., Tenderloin Neighborhood Development Corporation, a former general partner of the partnership, earned a specified percentage of the total developer fee of $1,200,000. As of June 30, 2019 and 2018, the developer fee payable was $850, which is included in the amount due to related parties on the accompanying consolidated statements of financial position.

8. Developer fee revenue and receivable

Pursuant to a memorandum of understanding, CHP and Strada Investment Group intend to execute a development agreement in order to serve as co-developers in connection with a future development located at the site of the Civic Center Hotel and its adjacent parcels. For the years ended June 30, 2019 and 2018, CHP earned developer fees of $180,000 and $0, respectively, for services performed during the predevelopment phase of the project. As of June 30, 2019 and 2018, the balance of developer fees receivable was $90,000 and $0, respectively.

In connection with the Mission Bay Project (see note 6), and in accordance with a loan agreement dated February 20, 2018 between Mission Bay 9 LLC and the Office of Community Investment and Infrastructure, CHP shall serve as the co-developer for the Mission Bay Project along with Bridge, with the developer fee to be split evenly between CHP and Bridge. For the years ended June 30, 2019 and 2018, CHP has earned developer fees of $87,500 and $75,000, respectively. As of June 30, 2019 and 2018, the balance of developer fee receivable was $87,500 and $75,000.

9. Marketable securities

Marketable securities consist of mutual funds, which are quoted market prices (see note 2). The balance of marketable securities at June 30, 2019 and 2018 was $7,807 and $5,269, respectively. For the years ended June 30, 2019 and 2018, realized and unrealized gain from marketable securities was $2,538 and $250, respectively.

10. Notes payable

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

	2019	2018
CHP loans:		
Community Housing Partnership During 2017, CHP and Bank of America California, N.A. executed a loan under the Affordable Housing Program in the principal amount of $970,000 ("1750 AHP Loan"). CHP, in turn, made a loan of equal amount to 1750 McAllister, L.P. The loan bears no interest and is secured by a subordinate deed of trust in the housing project. The loan is forgivable after 15 years from the date the project's rehabilitation was completed, which occurred during the year ended June 30, 2019, provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on October 1, 2072.	970,000	970,000
During 2018, CHP and Bank of America California, N.A. executed a loan under the Affordable Housing Program in the principal amount of $1,485,000. CHP, in turn, made a loan of equal amount to 666 Ellis, L.P. The loan bears no interest and is secured by a subordinate deed of trust in the housing project. The loan is forgivable after 15 years from the date the project's rehabilitation was completed, which occurred during the year ended June 30, 2018, provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on October 1, 2072.	1,485,000	1,485,000

10. Notes payable (continued)

Senator Hotel On September 12, 2006, Senator Hotel obtained a loan from HCD's MHP program in the amount of $4,294,690. The loan bears interest at a rate of 3% per annum. The loan requires an annual payment equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter until maturity in September 2061, principal and interest payments shall be determined by HCD based on their costs of monitoring the project. Additional payments are made to the extent of available cash flow. Accrued interest as of June 30, 2019 and 2018 was $1,404,543 and $1,275,702, respectively. Current interest expense during the years ended June 30, 2019 and 2018 was $18,038 for each year, which is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2019 and 2018 was $110,803 in each year.	$ 4,294,690	$4,294,690
Senator Hotel obtained a permanent loan from the Redevelopment Agency of the City and County of San Francisco. On March 11, 2003, the loan was amended to reflect a principal balance of $907,037. The permanent loan bears interest at 8%. On September 15, 2006, an additional $440,495 of indebtedness was added to the deed of trust. The additional amount represents accrued interested related to a prior construction loan and does not bear interest. Payments are to be made from net cash flow with any remaining principal and interest due at maturity on March 11, 2053. Accrued interest as of June 30, 2019 and 2018 was $1,790,826 and $1,664,014, respectively. Deferred interest expense during the years ended June 30, 2019 and 2018 was $126,812 for each year.	1,347,532	1,347,532
Senator Hotel executed a loan with the City and County of San Francisco in the maximum principal amount of $262,975 in order to replenish the project's operating reserve. The loan is secured by a deed of trust on the project. The loan bears contingent interest at a rate of 3% and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. Otherwise, all unpaid principal and interest is payable upon maturity 55 years from the execution of the loan, on July 17, 2072. For the years ended June 30, 2019 and 2018, no interest was incurred or paid.	239,036	239,036

10. Notes payable (continued)

San Cristina Hotel

On February 11, 1992, San Cristina Hotel obtained a loan from HCD's California Housing Rehabilitation Program ("CHRP") in the amount of $1,750,000. The loan bears simple interest at a rate of 3% per annum. No payments are due until maturity. The loan is due in February 2047, but can be deferred upon approval of the lender. Accrued interest at June 30, 2019 and 2018 was $1,218,251 and $1,165,751, respectively. Deferred interest expense during the years ended June 30, 2019 and 2018 was $52,500 for each year.	1,750,000	1,750,000
On April 1, 1994, San Cristina Hotel obtained a loan from Citibank in the amount of $1,175,000. The loan accrued interest at a variable rate not to exceed 9.21% per annum (2.25% as of April 9, 2019 and June 30, 2018). Interest and principal was payable monthly. Interest expense during the years ended June 30, 2019 and 2018 was $6,257 and $8,279, respectively, which is included in program services expense on the accompanying consolidated statements of activities. The loan was paid off in full on April 9, 2019.	-	345,349
On April 9, 2019, San Cristina Hotel executed a loan with Century Housing Corporation in the maximum principal amount of $1,958,000. The loan requires payments on a monthly basis beginning May 1, 2019. The required monthly principal payment is equal to the amount of outstanding principal divided by the number of the remaining months of the 60-month loan term. The loan bears a variable interest rate equal to the 1-month LIBOR plus 4.50% with a floor rate of 6.50% and a maximum rate of 7.75%, adjusted monthly (7.00% as of June 30, 2019). Interest expense during the year ended June 30, 2019 was $9,224. As of June 2019, accrued interest was $3,276.	558,728	-
On January 25, 2012, San Cristina Hotel obtained an unsecured loan from Energy Update California - Bay Area Multifamily Program ("BAM"), with Enterprise Community Loan Fund, Inc. in the original amount of $59,699 to construct retrofit improvements on the property. The loan bears 5% simple interest and matures on July 1, 2022. Interest expense during the years ended June 30, 2019 and 2018 was $2,824 and $1,580, respectively, and is included in program services expense on the accompanying consolidated statements of activities.	22,311	29,459

10. Notes payable (continued)

San Cristina Hotel (continued) San Cristina Hotel executed a loan with the City and County of San Francisco in the maximum principal amount of $197,530 in order to replenish the project's operating reserve. The loan is secured by a deed of trust on the project. The loan bears contingent interest at a rate of 3% and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. Otherwise, all unpaid principal and interest is payable upon maturity 55 years from the execution of the loan, on January 17, 2073. For the years ended June 30, 2019 and 2018, no interest was incurred or paid.	146,990	146,990
On January 10, 2018, CHP, on behalf of San Cristina Hotel, executed a loan in the maximum principal amount of $450,000 with the City and County of San Francisco, as funded by HUD's CDBG program, in order to rehabilitate the San Cristina Hotel. The loan is secured by a deed of trust in the project. The loan bears contingent interest at a rate of 3% per annum and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. Otherwise, all unpaid principal and interest is payable on the date that is the later of (a) the fifty-seventh (57th) anniversary of the recording of the deed of trust or (b) the fifty-fifth (55th) anniversary of the conversion date, as defined. For the years ended June 30, 2019 and 2018, no interest was incurred or paid.	450,000	375,165
Iroquois Hotel On April 20, 1995, Iroquois Hotel obtained a loan from the City in the amount of $1,500,000. The loan bears a 6% simple interest rate. Interest will be accrued, but no payments of interest or principal are due in the first 15 years of the term. Thereafter, payments of principal and interest are made to the extent of residual receipts. No payments of principal or interest were made for the years ended June 30, 2019 and 2018. Provided that no event of default occurs, any remaining obligation will be forgiven upon maturity on April 20, 2070. Accrued interest at June 30, 2019 and 2018 was $2,089,228 and $2,042,114, respectively. Deferred interest expense during the years ended June 30, 2019 and 2018 was $90,000 for each year.	1,500,000	1,500,000

10. Notes payable (continued)

Iroquois Hotel (continued) On January 6, 2012, Iroquois Hotel obtained an unsecured loan from BAM, with Enterprise Community Loan Fund, Inc. in the original amount of $53,774 to construct retrofit improvements on the property. The loan bears 5% simple interest and is due at maturity on July 1, 2022. Interest expense during the years ended June 30, 2019 and 2018 was $2,230 and $1,295, respectively, which is included in program services expense on the accompanying consolidated statements of activities.	20,097	26,535
Island Bay Homes On July 26, 2000, Island Bay Homes obtained a loan from the City in the amount of $997,409. The loan bears 2.33% simple interest through maturity on July 26, 2050, but only if the project has enough available cash to make surplus cash payments. Payments of principal and interest are due to the extent of residual receipts. Accrued interest at June 30, 2019 and 2018 was $396,023. There was no interest expense during the years ended June 30, 2019 and 2018.	997,409	997,409
LIHTC partnerships and other companies:		
473 Ellis, L.P. On March 16, 2012, in connection with the acquisition of the project, the partnership executed a loan agreement through HCD's CHRP program to assume the outstanding principal and accrued interest encumbering the project in the amounts of $1,298,743 and $816,696, respectively. The loan bears 3% simple interest, with annual payments equal to 0.42% of the unpaid principal amount. All principal and interest are due at maturity on August 30, 2067. Additional payments are made to the extent to available cash. During 2015, the partnership discounted the debt assumed at acquisition, including principal, accrued interest, and future interest payments, to its present value as of the acquisition date, with a corresponding reduction in the basis of the acquired land and building by the amount of the discount. Accrued interest as of June 30, 2019 and 2018 was $648,481 and $617,163, respectively, net of discount of $413,107 and $410,808, respectively. Current interest expense for the years ended June 30, 2019 and 2018 was $5,455 for each year, which is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2019 and 2018 was $27,552 and $26,842, respectively. The outstanding principal balance as of June 30, 2019 and 2018 was $641,803 and $645,459, respectively, net of discount of $656,940 and $653,284, respectively.	641,803	645,459

10. Notes payable (continued)

473 Ellis, L.P. (continued)

On March 19, 2012, the partnership executed a loan agreement with the City, through its Housing Site Acquisition Program and CDBG Program, to assume the outstanding debt encumbering the project. Pursuant to the Amended and Restated Loan agreement, the loan amounts under the two programs were combined into a single loan in the amount of $4,397,874 with an amended maturity date. The loan is payable without interest with all unpaid principal due at maturity on March 21, 2069. During 2015, the partnership discounted the principal debt assumed at acquisition to its present value as of the acquisition date, with a corresponding reduction in the basis of the acquired land and building by the amount of the discount. Deferred interest expense for the years ended June 30, 2019 and 2018 was $28,125 and $18,145, respectively. The outstanding principal balance as of June 30, 2019 and 2018 was $2,235,113 and $2,255,581, respectively, net of discount of $1,956,928 and $ 1,985,053, respectively.	2,235,113	2,255,581
On June 18, 2014, Cambridge obtained an HCD MHP loan in the amount of $4,826,617. The loan bears interest at 3% with annual interest payments equal to 0.42% of the outstanding principal balance for the first 30 years. Thereafter, payments are determined by HCD based on their costs of monitoring the project. Additional payments may be made to the extent of available cash. All unpaid principal and interest is otherwise due at maturity in June 2069. Accrued interest as of June 30, 2019 and 2018 was $628,754 and $503,826, respectively. Current interest expense for the years ended June 30, 2019 and 2018 was $20,272 for each year, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2019 and 2018 was $125,039 and $124,527, respectively.	4,826,617	4,826,617
CHP Ellis LLC		
On March 1, 2012, CHP Ellis LLC obtained an interest free loan from Silicon Valley Bank through the Affordable Housing Program ("AHP") in the amount of $600,000. The loan is forgivable at the end of the retention period, as defined, on June 10, 2028, provided the project complies with certain provisions of the loan agreement. Otherwise the loan is due in full on June 1, 2069.	600,000	600,000

10. Notes payable (continued)

650 Eddy, L.P. On March 7, 2007, the partnership obtained a loan from MOH through the Affordable Housing Fund in the maximum amount of $7,177,673. The loan bears no interest. Payments are to be made from residual receipts. Any unpaid principal is due at maturity in March 2062.	5,138,514	5,138,514
On July 20, 2005, the partnership obtained a HOME loan from MOH in the original amount of $855,463. The initial interest rate was 3% simple interest until 2006 when the loan was amended to bear no interest. As part of the amendment, the principal balance of the loan was increased to $7,280,745. On January 19, 2007, principal debt in the amount of $2,258,303 was forgiven when the land and associated debt were transferred to the City. All accrued interest was forgiven as well, except for $29,658 which would remain payable. Payments are to be made from residual receipts with the entire principal and interest due on July 20, 2060. Accrued interest as of June 30, 2019 and 2018 was $29,658.	5,022,442	5,022,442
On December 15, 2009, the partnership obtained a loan from HCD in the amount of $6,091,709. The loan bears 3% simple interest with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter, payments are determined by HCD based on their costs of monitoring the project. For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. Additional payments are made to the extent of available cash. All principal and interest are due at maturity in February 2065. Accrued interest as of June 30, 2019 and 2018 was $1,485,618 and $1,328,452, respectively. Interest expense during the years ended June 30, 2019 and 2018 was $25,585 for each year, which is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2019 and 2018 was $157,167 for each year.	6,091,709	6,091,709
On March 9, 2007, the partnership obtained a loan from Citibank through the AHP program in the amount of $581,000. The loan bears no interest. No payments are due until maturity in March 2064.	581,000	581,000

10. Notes payable (continued)

Arendt House, L.P. On January 11, 2012, Arendt House, L.P. obtained an HCD MHP loan in the amount of $6,247,804. The loan bears 3% simple interest and requires annual payments equal to 0.42% of the unpaid principal balance. Additional payments are made to the extent of available cash. For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. All principal and interest are due at maturity in January 2067. Accrued interest as of June 30, 2019 and 2018 was $1,210,428 and $1,049,236, respectively. Interest expense during the years ended June 30, 2019 and 2018 was $26,240 and $26,241, respectively, which is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2019 and 2018 was $161,193 for each year.	6,247,804	6,247,804
On September 24, 2008, Arendt House, L.P. obtained a loan from MOH through the AHF fund in the amount of $2,720,940. The loan does not bear interest. Payments are to be made from residual receipts. Unpaid principal is due at maturity in September 2063.	1,878,866	1,878,866
On December 14, 2007, Arendt House, L.P. obtained a loan from MOH through the HUD Neighborhood Initiative Grant Fund in the amount of $962,240. The loan does not bear interest. Payments are to be made from residual receipts. Unpaid principal is due at maturity in December 2063.	962,240	962,240
Hotel Essex, L.P. On May 27, 2005, Hotel Essex, L.P. obtained a loan from MOH in the original amount of $3,465,750, which was amended to $5,106,483 on September 12, 2006. The loan was amended again on December 11, 2006 to a total of $6,096,483. Interest at the simple rate of 3% shall accrue provided that residual receipts, as defined, are sufficient to pay the full amount of interest then due. Unpaid interest in any year shall not accrue. A portion of the loan equal to $3,679,700 matures in May 2060 with the remaining amount due at maturity in December 2063.	4,670,017	4,670,017

10. Notes payable (continued)

Hotel Essex, L.P. (continued)

On October 15, 2008, Hotel Essex, L.P. obtained an HCD MHP loan in the amount of $7,000,000. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter payments are determined by HCD based on their costs of monitoring the project. For each of the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. The entire principal and unpaid accrued interest is to be repaid in October 2063. Accrued interest as of June 30, 2019 and 2018 was $1,935,797 and $1,755,197, respectively. For the years ended June 30, 2019 and 2018, current interest expense was $29,400 for each year, which is included in program services expense on the accompanying consolidated statements of activities. For the years ended June 30, 2019 and 2018, deferred interest expense was $180,600 for each year.	7,000,000	7,000,000
On February 28, 2007, Hotel Essex, L.P. obtained an AHP loan from Citibank in the amount of $680,000. The loan does not bear interest. No payments are due until maturity in April 2062.	680,000	680,000
CHP Scott Street, L.P. In February 2016, CHP Scott Street, L.P. obtained an HCD MHP loan in the amount of $3,944,116. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter payments are determined by HCD based on their costs of monitoring the project. For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. The entire principal and unpaid accrued interest is to be repaid in February 2071. Accrued interest as of June 30, 2019 and 2018 was $349,834 and $247,697, respectively. For the years ended June 30, 2019 and 2018, current interest expense was $16,565 in each year, which is included in program services expense on the accompanying consolidated statements of activities. For the years ended June 30, 2019 and 2018 deferred interest expense was $102,137 and $101,759, respectively.	3,944,116	3,944,116

10. Notes payable (continued)

CHP Scott Street, L.P. (continued) In July and December of 2010, CHP Scott Street, LLC obtained predevelopment loans from MOH in the total amount of $4,416,508. The loan was subsequently assigned to CHP Scott Street, L.P. A portion of the loan totaling $4,016,508 was due the earlier of March 31, 2016 or the close of permanent financing. The remaining portion of the loan equal to $400,000 is payable from residual receipts and is otherwise due at maturity on the date that is 55 years after the close of permanent financing. The stated interest rate of the loan is 0%. During 2015, the partnership discounted the permanent portion of the loan that was used to finance the acquisition of the project, resulting in a corresponding reduction in the basis of the land and building by the amount of the discount. Interest expense for the years ended June 30, 2019 and 2018 was $2,596 and $2,503, respectively. The outstanding principal balance as of June 30, 2019 and 2018 was $72,650 and $70,054, respectively, net of discount of $327,350 and $329,946, respectively.	72,650	70,054
CHP Scott Street, LLC On December 6, 2013, CHP Scott Street, LLC obtained a Federal Home Loan Bank (“FHLB”) AHP loan from Bank of America in the principal amount of $250,000. The loan does not bear interest and no payments of principal are due until maturity. For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 0.84%. The loan is forgivable at the end of the retention period, which shall be 15 years from the date of completion of construction as determined by FHLB, provided the project complies with the provisions of the loan agreement. Otherwise, the loan is due at maturity in November 2068.	250,000	250,000
CHP Fulton Street, LLC On January 5, 2010, CHP Fulton Street, LLC obtained an AHP loan from Silicon Valley Bank in the original amount of $1,200,000. The loan does not bear interest and no principal payments are due until maturity. Subject to the terms of the loan agreement, the unpaid principal balance may be forgiven at the end of the retention period in September 2026; otherwise the loan is due at maturity in August 2066.	1,200,000	1,200,000

10. Notes payable (continued)

365 Fulton, L.P. On February 8, 2013, 365 Fulton, L.P. obtained an HCD MHP loan in the amount of $8,907,928. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter, payments are determined by HCD based on their costs of monitoring the project. For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 3.11%. The entire principal and unpaid accrued interest is to be repaid in full in February 2068. Accrued interest at June 30, 2019 and 2018 was $1,485,333 and $1,252,986, respectively. Interest expense during the years ended June 30, 2019 and 2018 was $34,893 and $42,453, respectively, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2019 and 2018 was $229,827 and $229,828, respectively.	8,907,928	8,907,928
On November 3, 2009, 365 Fulton, L.P. obtained a loan from the San Francisco Redevelopment Agency (succeeded by Office of Community Investment and Infrastructure) in the original amount of $2,753,291. The loan bears 3% simple interest. Payments are made from available cash flow. Unpaid interest and principal is payable at maturity in November 2066. Accrued interest as of June 30, 2019 and 2018 was $482,016 and $456,778, respectively. Deferred interest expense during the years ended June 30, 2019 and 2018 was $25,239 and $25,238, respectively.	841,263	841,263
In January 2010, 365 Fulton, L.P. obtained a loan from CalHFA in the original amount of $1,200,000. Principal payments are payable from residual receipts. The loan does not bear interest and is due at maturity in February 2065.	1,199,850	1,199,850
666 Ellis, L.P. On December 22, 2014, the partnership executed a loan with the City in the principal amount of $660,640. In June 2015 the loan was amended to increase the maximum principal balance to $3,238,367. The loan is secured by a subordinate deed of trust. The loan does not accrue interest. Payments are made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the completion date, as defined.	3,238,367	1,296,752

10. Notes payable (continued)

666 Ellis, L.P. (continued)

In November 2015, the partnership executed a construction loan with the City in the maximum principal amount of \$19,897,000, secured by a first priority deed of trust on the project. The loan accrued interest at a variable rate equal to the sum of the LIBOR daily floating rate, as that term is defined, plus 1.5% (3.88% and 3.59% as of March 7, 2019 and June 30, 2018, respectively). For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 5.50% and 5.21%, respectively. For the years ended June 30, 2019 and 2018, interest expense was \$484,877 and \$515,203, respectively, of which \$0 and \$259,920, respectively, was capitalized to fixed assets. As of June 30, 2018, the balance of accrued interest was \$54,959. On March 7, 2019, the loan was paid off and converted into a permanent loan with modified terms (see note below).	-	18,548,178
On March 7, 2019, the partnership's construction loan was paid off and converted into permanent loan with modified terms. In connection with the loan conversion, the loan was acquired by the Federal Home Loan Mortgage Corporation. The initial principal balance of the loan was \$3,285,000. Interest on the loan accrues at a rate of 4.41%, which includes a servicing fee of 0.06%. The loan requires monthly payments of principal, interest, and service fees for a total payment of \$18,092. All remaining unpaid principal and accrued interest is due at the maturity date of the loan on May 1, 2035. For the year ended June 30, 2019, total interest expense, including servicing fees, was \$43,272.	3,276,729	-
In November 2015, the partnership executed a loan with the San Francisco Housing Authority ("SFHA") in the principal amount of \$600,000, secured by a subordinate deed of trust. The loan does not accrue interest. Payments are made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date.	600,000	600,000

10. Notes payable (continued)

666 Ellis, L.P. (continued) In November 2015, the partnership executed a loan with SFHA in the principal amount of $14,375,000, secured by a subordinate deed of trust. The loan accrues interest at a rate of 2.57%, compounded annually. Annual interest payments in the amount of $15,000 shall be made, with additional payments to be made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date. For the years ended June 30, 2019 and 2018, deferred interest expense was $390,335 and $380,555, respectively. As of June 30, 2019 and 2018, the balance of accrued interest was $1,393,760 and $1,003,425, respectively.	14,375,000	14,375,000
1750 McAllister, L.P. In October 2016, the partnership executed a construction loan with the City in the maximum principal amount of $30,548,000, secured by a first priority deed of trust on the project. The loan accrues interest at a variable rate equal to the LIBOR daily floating rate plus 1.80% (4.18% and 3.89% as of June 26, 2019 and June 30, 2018, respectively). For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 5.71% and 5.42%, respectively. For the years ended June 30, 2019 and 2018, interest expense was $1,067,392 and $593,861, respectively, of which $425,560 and $593,861, respectively, was capitalized to fixed assets. As of June 30, 2018, the balance of accrued interest was $67,590. On June 26, 2019, the loan was paid off and converted into a permanent loan with modified terms (see note below).	-	21,509,438
On June 26, 2019, the partnership's construction loan was paid off and converted into permanent loan with modified terms. In connection with the loan conversion, the loan was acquired by the Federal Home Loan Mortgage Corporation. The initial principal balance of the loan was $9,603,000. Interest on the loan accrues at a rate of 3.71%, which includes a servicing fee of 0.1%. The loan requires monthly payments of principal, interest, and service fees for a total payment of $44,801. All remaining unpaid principal and accrued interest is due at the maturity date of the loan on May 1, 2035. For the year ended June 30, 2019, interest expense was $4,948.	9,603,000	-
In October 2016, the partnership executed a loan with SFHA in the principal amount of $1,000,000, secured by a subordinate deed of trust. The loan does not accrue interest. Payments on the loan are made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date.	500,000	1,000,000

10. Notes payable (continued)

1750 McAllister, L.P. (continued) In October 2016, the partnership executed a loan with SFHA in the principal amount of $21,661,312, secured by a subordinate deed of trust. The loan accrues interest at a rate of 1.95%, compounded annually. Annual interest payments in the amount of $15,000 shall be made beginning on the first June 30 after the project's rehabilitation is completed, and continuing annually thereafter, with additional payments to be made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date. For the years ended June 30, 2019 and 2018, deferred interest expense was $436,921 and $428,624, respectively. As of June 30, 2019 and 2018 the balance of accrued interest was $1,183,371 and $746,450, respectively.	21,661,312	21,661,312
25 Essex, L.P. In August 2014, the partnership executed an MHSA loan with CalHFA in the principal amount of $1,000,000. The loan bears deferred interest at a simple rate of 3% per annum. A servicing fee is due annually at an amount equal to 0.42% of the unpaid principal balance. Payments on the loan are only due to the extent of surplus cash in accordance with the partnership's regulatory agreements. Principal and interest are otherwise payable at maturity in August 2069. Accrued interest as of June 30, 2019 and 2018 was $140,228 and $110,228, respectively. For the years ended June 30, 2019 and 2018, deferred interest expense was $30,000 for each year.	1,000,000	1,000,000
In October 2015, the partnership obtained an HCD MHP loan in the amount of $9,334,681. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter payments are determined by HCD based on their costs of monitoring the project. For the years ended June 30, 2019 and 2018, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. The entire principal and unpaid accrued interest is to be repaid in October 2070. Accrued interest as of June 30, 2019 and 2018 was $879,355 and $639,190, respectively. For the years ended June 30, 2019 and 2018, current interest expense was $39,096 and $39,041, respectively, and is included in program services expense on the accompanying consolidated statements of activities. For the years ended June 30, 2019 and 2018, deferred interest expense was $240,165 and $240,219, respectively.	9,308,687	9,308,687

10. Notes payable (continued)

25 Essex, L.P. (continued) In February 2011, the partnership executed a loan with the City in the maximum principal amount of $8,758,641. Interest shall accrue at a rate of 3% per annum, but only to the extent the partnership has residual receipts with which to make payment. Similarly, principal payments shall only be made from residual receipts; otherwise no payments are due until maturity in December 2068.	7,724,548	7,724,548
In February, 2011, the partnership executed a loan with the City in the principal amount of $950,000. Interest shall accrue at a rate of 3% per annum, but only to the extent the partnership has residual receipts with which to make payment. Similarly, principal payments shall only be made from residual receipts. Otherwise, no payments are due until maturity in December 2068.	837,838	837,838
CHP Villages In connection with CHP's assumption of the sublease for CHP Villages (see note 15), on July 1, 2014, CHP also assumed, from Rubicon Villages, Inc., the note payable encumbering the project. The note is payable to the City. The loan was initially executed on March 26, 2002 in the initial principal balance of $1,860,620. Upon execution of the first amendment to the note in December 2003, the maximum principal balance was amended to $1,621,032. Upon execution of the second amendment to the note in May 2011, the interest rate was amended from 7.5% to 0%. The maturity date of the note is the earlier of the 50th anniversary of the execution of the note or the date the sublease for CHP Villages is terminated.	66,007	66,007
Total notes payable (including discounts)	148,965,213	174,448,385
Less: unamortized debt issuance costs	(314,398)	(379,828)
Note payable, net of unamortized debt issuance costs	$ 148,650,815	$ 174,068,557

Debt issuance costs are being amortized to interest expense over the term of the respective loans. For the years ended June 30, 2019 and 2018, amortization expense for debt issuance costs was $253,868 and $416,678, respectively, of which $240,898 and $110,482 was capitalized to fixed assets, respectively.

Expected future minimum principal payments on notes payable over each of the next five years and thereafter are as follows:

10. Notes payable (continued)

Year Ending June 30,	
2020	$ 379,586
2021	390,365
2022	402,788
2023	399,782
2024	380,579
Thereafter	149,953,331
Total	$ 151,906,431

11. Line of credit

CHP has a line of credit with Wells Fargo Bank with maximum borrowings of $1,000,000. As of June 30, 2019 and 2018, the outstanding balance was $0 and $502,000, respectively. Advances on the credit line carry interest at 5%. The credit line is secured by all property and assets of CHP and matures on April 5, 2020. Interest expense during the years ended June 30, 2019 and 2018 was $23,645 and $17,194, respectively, and is included in program services expense on the accompanying consolidated statements of activities.

12. Deferred income

As of June 30, 2019 and 2018, deferred income related to the 40% profit portion of CHP's development fees was $4,059,660 and $2,826,600, respectively, which is net of accumulated amortization of $473,714 and $362,378, respectively. For the years ended June 30, 2019 and 2018, amortization to offset the depreciation expense related to the fee capitalized as real property totaled $111,336 and $79,726, respectively. The deferred income is amortized using the straight-line method over the estimated useful life of the underlying asset.

13. Net assets with donor restrictions

Net assets with donor restrictions consist of the following:

	June 30, 2018	Contributions	Released from Restrictions	June 30, 2019
Specific programs and time restrictions:				
Community Housing Partnership	$ 110,000	$ 200,000	$ (80,000)	$ 230,000
5th Street	80,102	-	(80,102)	-
	190,102	200,000	(160,102)	230,000
Recoverable contributions for the purchase and rehabilitation of:				
Senator Hotel	1,519,000	-	-	1,519,000
San Cristina Hotel	2,116,506	-	-	2,116,506
Iroquois Hotel	1,500,000	-	-	1,500,000
	5,135,506	-	-	5,135,506
Total net assets with donor restrictions	$ 5,325,608	$ 200,000	$ (160,102)	$ 5,365,506

13. Net assets with donor restrictions (continued)

	June 30, 2017	Contributions	Released from Restrictions	June 30, 2018
Specific programs and time restrictions:				
Community Housing Partnership	$ -	$ 110,000	$ -	$ 110,000
Solutions SF	76,509	-	(76,509)	-
5th Street	-	80,102	-	80,102
Other specific program and time restrictions	305,000	-	(305,000)	-
	381,509	190,102	(381,509)	190,102
Recoverable contributions for the purchase and rehabilitation of:				
Senator Hotel	1,519,000	-	-	1,519,000
San Cristina Hotel	2,116,506	-	-	2,116,506
Iroquois Hotel	1,500,000	-	-	1,500,000
	5,135,506	-	-	5,135,506
Total net assets with donor restrictions	$ 5,517,015	$ 190,102	$ (381,509)	$ 5,325,608

In prior years, CHP received funding of $1,175,000, $2,116,506, and $1,500,000 from MOH for the acquisition and rehabilitation of the Senator Hotel, the San Cristina Hotel, and the Iroquois Hotel, respectively. An additional $344,000 was received under the Affordable Housing Program for the rehabilitation of the Senator Hotel. Terms of these grants stipulate that the funds are recoverable by the grantor in the event that certain specific covenants and restrictions of the awards are violated. These contributions are included in net assets with donor restrictions and are released in accordance with the terms of the respective grant agreements.

14. Island Bay Homes lease and operating grant

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 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. Effective July 1, 2017, an amendment was executed in order to increase the total units to 70. The term of the sublease is from March 11, 2001 through August 31, 2014 with an extension of the lease terms thereafter on a month-to-month basis. 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.

14. Island Bay Homes lease and operating grant (continued)

CHP was awarded a LOSP grant which provides maximum funding of $2,619,077 over a nine-year term, commencing July 1, 2010. The nine-year grant subsidizes CHP's operating costs and cash flow shortfalls from the Island Bay Homes project. The grant agreement provides for certain tenant eligibility and rent restriction requirements, among other matters.

15. CHP Villages lease

On July 1, 2014, CHP assumed a sublease from Rubicon Villages, Inc. for a 44-unit project located on Treasure Island ("CHP Villages") for the purpose of renting each of the 44 units to low-income tenants. Under the sublease, CHP leases the project from TIDA (who leases it from the U.S. Department of Navy). There is no provision for payment of rent under the sublease. The sublease is a "triple net lease," whereby CHP is responsible for paying all charges, costs, and expenses related to the operation of the project including repair and maintenance and common area maintenance expenses. The term of the sublease was from March 11, 2002 to August 31, 2014 with an extension of the lease terms thereafter on a month-to-month basis.

16. 666 Ellis, L.P. and 1750 McAllister, L.P. ground leases

The project owned by 666 Ellis, L.P. is built on land owned by SFHA. Pursuant to the terms of the lease executed November 1, 2015, 666 Ellis, L.P. leases the land from the City on a prepaid basis for a 99-year term. The lease, which is classified as an operating lease, was prepaid on the date of lease execution in the total amount of $350,000. Under the terms of the lease, the land will revert to SFHA at the end of the lease. For the years ended June 30, 2019 and 2018, rent expense was $3,535 for each year, which is included in program expenses on the accompanying consolidated statements of activities. As of June 30, 2019 and 2018, the balance of prepaid rent was $337,430 and $340,965, respectively, which is included in prepaid expenses and deposits on the accompanying consolidated statements of financial position.

Similarly, the project owned by 1750 McAllister, L.P. is built on land owned by SFHA. Pursuant to the terms of the lease executed October 1, 2016, 1750 McAllister L.P. leases the land from SFHA on a prepaid basis for a 99-year term. The lease, which is classified as an operating lease, was prepaid on the date of lease execution in the total amount of $1,980,000. Under the terms of the lease, the land will revert to SFHA at the end of the lease. For the years ended June 30, 2019 and 2018, rent expense was $ 20,000 for each year, which is included in program expenses on the accompanying consolidated statements of activities. As of June 30, 2019 and 2018, the balance of prepaid rent was $1,927,000 and $1,947,000, respectively, which is included in prepaid expenses and deposits on the accompanying consolidated statements of financial position.

17. Commitments and contingencies

CHP leases its main office facility under a lease agreement which commenced April 2012 and expires ten years thereafter. The lease agreement provides for monthly base rent, plus a portion of the building's direct operating expenses, as defined. The lease is recorded as an operating lease. Base rent for the first 12-month period of the lease is $15,500 with annually increases thereafter, reaching $19,234 per month in the final 12-month period. The agreement has an option to extend the lease term for an additional period of five years upon written notice of intent from the Organization. Total rent expense related to this lease for the years ended June 30, 2019 and 2018 was $217,797 and $212,632, respectively, which is allocated among program services, management and general, and fundraising expense on the accompanying consolidated statements of activities.

CHP Fifth Street LLC leases the property operating as 5th Street Apartments from Vikas Hotel, LLC, a third party lessor. The lease commenced on October 12, 2013 and expires ten years thereafter on October 12, 2023, at which point the lease is available for extension. The lease is recorded as an operating lease. Lease payments for the first 12 months are equal to $44,000 per month. During months 13 through 60, rent shall be increased annually at 101.5% of the prior year's monthly rent. During months 61 through 120, rent shall be increased annually at 102% of the prior year's monthly rent. Total rent expense related to this lease for the years ended June 30, 2019 and 2018 was $568,806 and $558,330, respectively, which is included in program services expense on the accompanying consolidated statements of activities.

On November 2, 2015, CHP began leasing Civic Center Hotel from U.A. Local 38 Pension Trust Fund ("PTF") to lease the site's rentable space and develop an on-site Navigation Center to provide supportive services and help tenants transition to permanent housing. On January 1, 2018, PTF assigned its rights as lessor to Strada Brady, LLC. The lease is recorded as an operating lease. The lease stipulates payments on a monthly basis in an amount equal to $34,000, subject to partial abatement of $10,000 per month during the first ten months of the lease. The lease expires on December 31, 2021. Total rent expense related to this lease for the years ended June 30, 2019 and 2018 was $408,000 for each year, which is included in program services expense on the accompanying consolidated statements of activities.

Rene Cazenave Apartments, which is owned by 25 Essex, L.P., is built on land owned by the City and County of San Francisco. Pursuant to the terms of the lease dated December 6, 2011, 25 Essex, L.P. leases the land from the City on a 75-year term with an option for a 24-year extension thereafter. The lease, which is classified as an operating lease, provides for accrual of annual base rent of $1 for any year in which the partnership receives LOSP operating subsidy. Otherwise, in any year the partnership does not receive LOSP operating subsidy, base rent shall accrue in the amount of $15,000, payable to the extent of residual receipts. Additionally, residual rent of up to $737,000 per year shall accrue, but only in the event and to the extent there are residual receipts available for such payment. Under the terms of the lease, the land will revert to the City at the end of the lease. For the years ended June 30, 2019 and 2018, rent expense was $1 for each year, which is included in program services expense on the accompanying consolidated statements of activities. As of June 30, 2019 and 2018, total rent payable to the City was $9 and $8, respectively, which is included in accounts payable and accrued expenses on the accompanying consolidated statements of financial position.

17. Commitments and contingencies (continued)

Pursuant to the First Amended and Restated Ground Lease agreement, 365 Fulton, L.P. leases the land on which its housing project is built from the Office of Community Investment and Infrastructure, successor agency to the San Francisco Redevelopment Agency. The lease agreement was executed on January 5, 2010 and expires in January 2085 unless the partnership exercises a one-time 24-year option. Provided the project is maintained as housing for very low-income persons, as defined, annual rent shall be comprised of base rent of $1, which is due and payable annually, and residual rent, which only accrues to the extent of surplus cash, as defined in the ground lease agreement. For the years ended June 30, 2019 and 2018, rent expense was $15,000 and $0, respectively, which represents residual rent and is included in program services expense on the accompanying consolidated statements of activities.

650 Eddy, L.P. purchased the land on which its housing project is built in July 2005. During 2007, as consideration for the City's debt forgiveness, the land and improvements were transferred to the City. The partnership currently leases the land pursuant to the 650 Eddy Street Ground Lease agreement between the partnership and the City. The lease expires March 2077 unless the partnership exercises a 29-year option or unless otherwise extended or terminated pursuant to the lease agreement. Title to the improvements reverts to the City at the end of the lease term. Annual rent shall be $1 provided the project is maintained as housing for low-income and formerly homeless families and individuals. The partnership prepaid rent of $70 upon execution of the ground lease. As of June 30, 2019 and 2018, the balance of the prepaid ground lease was $59, which is included in prepaid expenses and deposits on the accompanying consolidated statements of financial position. Ground lease expense for the years ended June 30, 2019 and 2018 was $0 and $1, respectively, which is included in program services expense on the accompanying consolidated statements of activities.

Minimum annual rents required for the next five years are as follows:

Year Ending June 30,	
2020	$ 1,211,276
2021	1,228,309
2022	903,791
2023	615,694
2024	154,682
Total	$ 4,113,752

CHP has provided loan and operating deficit guarantees as well as guarantees with regard to projected tax benefits for its affiliates. 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. Summaries of these guarantees as of June 30, 2019 are shown below, and are subject to change in accordance with the respective partnership agreements.

17. Commitments and contingencies (continued)

	Operating Deficit Guarantee	
Project	Maximum Amount	Expiration
Arendt House, L.P.	$ 331,070	[1]
Essex Hotel, LP	500,000	[2]
650 Eddy, LP	600,000	[3]
365 Fulton, L.P.	500,000	[4]
473 Ellis, LP	200,000	[5]
CHP Scott Street, L.P.	206,000	[6]
25 Essex, L.P.	701,900	[7]
666 Ellis, L.P.	677,142	[8]
1750 McAllister, L.P.	817,212	[9]
Total	$ 4,533,324	

	Tax Benefit Indemnifications[10]	
Project	Projected Benefit	Expiration
Arendt House, L.P.	$ 2,349,983	2024
Essex Hotel, LP	2,389,070	2022
650 Eddy, LP	4,915,514	2023
365 Fulton, L.P.	15,911,791	2027
473 Ellis, LP	7,146,761	2028
CHP Scott Street, L.P.	7,354,130	2030
25 Essex, L.P.	20,962,000	2029
666 Ellis, L.P.	15,991,364	2032
1750 McAllister, L.P.	23,500,127	2033
Total	$ 100,520,740	

[1] The obligation shall terminate on the later of (i) the tenth anniversary of the date of achievement of breakeven operations, (ii) the fifth 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 an 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 break-even 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 in 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.

17. Commitments and contingencies (continued)

(4) The obligation shall terminate on December 31 of the fifth year after the date of the stabilization capital contribution, as defined, provided that the following conditions are satisfied (a) during the five year period the general partner has not been obligated to make any operating deficit loans and the partnership has not drawn on any reserves established for operating deficits, (b) the amount on deposit in the partnership's operating reserve is not less than the operating reserve minimum, as defined, (c) the partnership is current on its required reserve payments, operating expenses, mandatory debt service, and payments for any necessary maintenance or capital improvements, (d) the Supportive Services Agreement is in full force and effect, and (e) the LOSP and MHSA subsidies are in place and being fully funded in accordance with their respective terms.

(5) The obligation to fund operating deficits during the operating deficit guarantee period, which shall begin on the date of the stabilization capital contribution and shall continue until the close of business on the December 31 (i) that is at least five years thereafter, and (ii) on which all the applicable conditions are met as stated in the partnership agreement. The advance will be payable without interest from excess/distributable cash.

(6) The obligation to make operating deficit contributions shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at the required expense coverage, as defined, for a period of at least two consecutive years, which two year period shall have commenced no earlier than three years after the later to occur of the achievement of the stabilization date or loan conversion, as defined; and (ii) the balance in the operating reserve equals or exceeds the required amount.

(7) The obligation to fund the operating deficit shall be unlimited through the stabilization date, as defined, after which the obligation shall be limited to $701,900. The obligation to fund operating deficits shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at break-even, as defined, for two consecutive years, which two-year period shall have commenced no earlier than one year after the achievement of the stabilization date; and (ii) the partnership's operating reserve equals or exceeds the required minimum balance.

(8) The obligation to fund the operating deficit shall terminate on the third anniversary of the later to occur of (i) the development obligation date, as defined, or (ii) achievement of a 1.15 to 1.00 debt service coverage ratio average over a period of three consecutive calendar months commencing after final closing, as defined. Notwithstanding the foregoing, the obligation to fund operating deficits shall not terminate unless and until (x) the partnership's operating reserve shall have been replenished to at least $325,020, (y) the average debt service coverage ratio for the three-month period prior to the date of termination must be at least 1.15 to 1.00, and (z) each of the HAP contract and the RAD HAP contract shall be in full force and effect. Prior to the development obligation date, payments furnished to the partnership shall be considered special capital contributions by CHP as the general partner, and after the development obligation date, the payments to the partnership shall be considered loans, with the maximum loan amount to be no greater than $677,142.

17. Commitments and contingencies (continued)

[(9)] The obligation to fund the operating deficit shall terminate on the third anniversary of the later to occur of (i) the development obligation date, as defined, or (ii) achievement of a 1.15 to 1.00 debt service coverage ratio average over a period of three consecutive calendar months commencing after final closing, as defined. Notwithstanding the foregoing, the obligation to fund operating deficits shall not terminate unless and until (x) the partnership's operating reserve shall have been replenished to at least one-half the initial required balance for the operating reserve, or $408,606, (y) the average debt service coverage ratio for the three-month period prior to the date of termination must be at least 1.15 to 1.00, and (z) each of the HAP contract and the RAD HAP contract shall be in full force and effect. Prior to the development obligation date, payments furnished to the partnership shall be considered special capital contributions by CHP as the general partner, and after the development obligation date, the payments to the partnership shall be considered loans, with the maximum loan amount to be no greater than $817,212.

[(10)] CHP has made guarantees to deliver tax benefits at certain amounts, or purchase the limited partner interest, at a price derived from the limited partner's contributions to the partnerships in accordance with the respective partnership agreements. In general, CHP's obligation with respect to these guarantees decreases over time as benefits are delivered to the limited partners.

CHP has options to purchase the projects in the table above, subject to the terms specified in the respective partnership agreements.

18. Retirement plan

CHP established a 403(b) retirement plan effective July 25, 2003, covering employees of CHP and its affiliates. Employees are not required to contribute to the plan and are immediately vested in their own savings accounts. The plan does not include employer matching contributions.

19. Liquidity and availability of financial assets

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the statement of financial position date, are comprised of the following:

Cash and cash equivalents	$ 7,347,730
Receivables	3,214,941
Less: Net assets with time restrictions beyond 12 months	(100,000)
Total	$ 10,462,671

On an annual basis, Community Housing Partnership prepares a budget for its corporate body and each of its affiliates in order to project revenues, expenses, and cash flows and evaluate its liquid resources for the upcoming 12-month period. On an ongoing basis, the Organization monitors its liquidity in order to be able to meet the Organization's operating needs and other contractual obligations. To manage unanticipated liquidity needs, it has a line of credit in the amount of $1 million to draw upon (see note 11). The Organization also has cash reserve accounts that are restricted by various purposes in accordance with regulatory, loan, or other agreements, which may be drawn upon under certain conditions as stipulated by the applicable agreement (see note 3).

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION - CHP PROGRAM SERVICES
JUNE 30, 2019

	General	Solutions SF	5th Street Apartments	Civic Center	Total CHP Program Services
ASSETS					
Current assets					
Cash and cash equivalents	$ 968,970	$ 18,950	$ 72,311	$ 538,157	$ 1,598,388
Receivables					
Government grants	623,982	-	-	18,566	642,548
Other grants and contributions	275,000	-	-	-	275,000
Contract services	-	455,881	-	-	455,881
Related parties - current portion	2,427,068	120,739	25,000	210,901	2,783,708
Developer fee receivable - current portion	947,781	-	-	-	947,781
Rent, subsidy, and others	4,046	-	5,529	12,749	22,324
Prepaid expenses and deposits	137,066	-	45,780	9,644	192,490
Marketable securities	7,807	-	-	-	7,807
Total current assets	5,391,720	595,570	148,620	790,017	6,925,927
Related party receivable - net of current portion	2,455,000	-	-	-	2,455,000
Developer fee receivable - net of current portion	1,995,258	-	-	-	1,995,258
Restricted deposits					
Replacement, operating and other reserves	725,020	-	-	-	725,020
Tenant security deposits	-	-	8,075	-	8,075
Fixed assets - net	421,102	-	2,573	685,901	1,109,576
Investment in other companies	5,560,964	-	-	-	5,560,964
Total non-current assets	11,157,344	-	10,648	685,901	11,853,893
Total assets	$ 16,549,064	$ 595,570	$ 159,268	$ 1,475,918	$ 18,779,820
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	$ 1,780,261	$ 9,624	$ 1,188	$ 342,844	$ 2,133,917
Related parties - current portion	320,040	977,155	5,609	-	1,302,804
Notes payable - current portion	250,000	-	-	-	250,000
Total current liabilities	2,350,301	986,779	6,797	342,844	3,686,721
Tenant security deposits	-	-	12,452	-	12,452
Deferred income	-	8,447	-	8,782	17,229
Notes payable - net of current portion	2,455,000	-	-	-	2,455,000
Total non-current liabilities	2,455,000	8,447	12,452	8,782	2,484,681
Total liabilities	4,805,301	995,226	19,249	351,626	6,171,402
Net assets					
Net assets without donor restrictions	11,513,763	(399,656)	140,019	1,124,292	12,378,418
Net assets with donor restrictions	230,000	-	-	-	230,000
Total net assets	11,743,763	(399,656)	140,019	1,124,292	12,608,418
Total liabilities and net assets	$ 16,549,064	$ 595,570	$ 159,268	$ 1,475,918	$ 18,779,820

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

CONSOLIDATED SCHEDULE OF FINANCIAL POSITION - CHP PROGRAM SERVICES

JUNE 30, 2018

	General	Solutions SF	5th Street Apartments	Civic Center	Total CHP Program Services
ASSETS					
Current assets					
Cash and cash equivalents	$ 1,111,807	$ 19,216	$ 14,564	$ 309,304	$ 1,454,891
Receivables					
Government grants	404,314	-	195,308	42,948	642,570
Other grants and contributions	61,000	-	-	-	61,000
Contract services	-	372,954	-	-	372,954
Related parties - current portion	2,314,431	351,109	33,066	229,739	2,928,345
Developer fee receivable - current portion	1,795,281	-	-	-	1,795,281
Rent, subsidy, and others	-	-	8,250	-	8,250
Prepaid expenses and deposits	51,108	12,879	49,085	-	113,072
Marketable securities	5,269	-	-	-	5,269
Total current assets	5,743,210	756,158	300,273	581,991	7,381,632
Related party note receivable	2,455,000	-	-	-	2,455,000
Developer fee receivable - net of current portion	434,269	-	-	-	434,269
Restricted deposits					
Replacement, operating and other reserves	436,573	-	-	-	436,573
Tenant security deposits	-	-	8,072	-	8,072
Development-in-progress	129,506	-	-	-	129,506
Fixed assets - net	163,958	-	53,701	960,261	1,177,920
Investment in other companies	4,805,364	-	-	-	4,805,364
Total non-current assets	8,424,670	-	61,773	960,261	9,446,704
Total assets	$ 14,167,880	$ 756,158	$ 362,046	$ 1,542,252	$ 16,828,336
LIABILITIES					
Current liabilities					
Accounts payable and accrued expenses	$ 1,462,151	$ 7,966	$ 7,847	$ 207,151	$ 1,685,115
Related parties - current portion	527,043	731,385	162,305	1,101	1,421,834
Line of credit	502,000	-	-	-	502,000
Notes payable - current portion	250,000	-	-	-	250,000
Total current liabilities	2,741,194	739,351	170,152	208,252	3,858,949
Tenant security deposits	-	-	6,838	-	6,838
Deferred income	-	-	-	8,746	8,746
Notes payable - net of current portion	2,455,000	-	-	-	2,455,000
Total non-current liabilities	2,455,000	-	6,838	8,746	2,470,584
Total liabilities	5,196,194	739,351	176,990	216,998	6,329,533
Net assets					
Net assets without donor restrictions	8,861,686	16,807	104,954	1,325,254	10,308,701
Net assets with donor restrictions	110,000	-	80,102	-	190,102
Total net assets	8,971,686	16,807	185,056	1,325,254	10,498,803
Total liabilities and net assets	$ 14,167,880	$ 756,158	$ 362,046	$ 1,542,252	$ 16,828,336

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION - CHP PROPERTY OPERATIONS
JUNE 30, 2019

	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	CHP Villages	Tax Credit Partnerships and LLCs	Total CHP Property Operations
ASSETS							
Current assets							
Cash and cash equivalents	$ 44,283	$ 198,309	$ 776,843	$ 180,855	$ 599,238	$ 3,949,814	$ 5,749,342
Receivables							
Related parties - current portion	-	-	6,662	-	-	277,222	283,884
Rent, subsidy, and others	99,776	108,599	87,453	326,150	106,359	913,351	1,641,688
Prepaid expenses and deposits	9,853	9,890	4,727	12,753	6,740	2,368,036	2,411,999
Total current assets	153,912	316,798	875,685	519,758	712,337	7,508,423	10,086,913
Related party note receivable	-	-	-	-	-	2,426,000	2,426,000
Restricted deposits							
Replacement, operating and other reserves	575,326	379,129	685,132	171,990	906,737	12,694,543	15,412,857
Tenant security deposits	19,131	8,243	15,063	39,931	13,094	219,441	314,903
Development-in-progress	-	731,645	-	-	-	-	731,645
Fixed assets - net	5,655,166	3,607,391	3,814,137	1,828,953	407,075	203,935,676	219,248,398
Deferred costs - net	-	-	-	-	-	237,225	237,225
Investment in other companies	-	-	-	-	-	2,755,566	2,755,566
Total non-current assets	6,249,623	4,726,408	4,514,332	2,040,874	1,326,906	222,268,451	241,126,594
Total assets	$ 6,403,535	$ 5,043,206	$ 5,390,017	$ 2,560,632	$ 2,039,243	$ 229,776,874	$ 251,213,507
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	$ 26,850	$ 27,487	$ 19,710	$ 142,834	$ 48,587	$ 465,406	$ 730,874
Related parties - current portion	489,313	134,447	-	23,270	-	1,719,109	2,366,139
Interest payable - current portion	18,038	3,276	-	-	-	230,027	251,341
Notes payable, net - current portion	-	124,293	6,005	-	-	249,288	379,586
Total current liabilities	534,201	289,503	25,715	166,104	48,587	2,663,830	3,727,940
Tenant security deposits	22,164	23,817	15,722	39,931	11,684	252,269	365,587
Deferred income	-	-	-	239,163	28,386	1,529,988	1,797,537
Related parties - net of current portion	-	-	-	-	-	1,995,258	1,995,258
Interest payable - net of current portion	3,177,331	1,218,251	2,089,228	396,023	-	11,622,606	18,503,439
Notes payable, net - net of current portion	5,881,258	2,803,736	1,514,092	997,409	66,007	139,434,727	150,697,229
Total non-current liabilities	9,080,753	4,045,804	3,619,042	1,672,526	106,077	154,834,848	173,359,050
Total liabilities	9,614,954	4,335,307	3,644,757	1,838,630	154,664	157,498,678	177,086,990
Net assets							
Net assets without donor restrictions							
Controlling interest	(4,730,419)	(1,408,607)	245,260	722,002	1,884,579	7,024,663	3,737,478
Non-controlling interest	-	-	-	-	-	65,253,533	65,253,533
Total net assets without donor restrictions	(4,730,419)	(1,408,607)	245,260	722,002	1,884,579	72,278,196	68,991,011
Net assets with donor restrictions	1,519,000	2,116,506	1,500,000	-	-	-	5,135,506
Total net assets	(3,211,419)	707,899	1,745,260	722,002	1,884,579	72,278,196	74,126,517
Total liabilities and net assets	$ 6,403,535	$ 5,043,206	$ 5,390,017	$ 2,560,632	$ 2,039,243	$ 229,776,874	$ 251,213,507

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION - CHP PROPERTY OPERATIONS
JUNE 30, 2018

	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	CHP Villages	Tax Credit Partnerships and LLCs	Total CHP Property Operations
ASSETS							
Current assets							
Cash and cash equivalents	$ -	$ -	$ 608,523	$ 7,223	$ 490,820	$ 1,476,767	$ 2,583,333
Receivables							
Related parties - current portion	10,478	9,228	8,843	719	-	383,693	412,961
Rent, subsidy, and others	40,532	-	54,778	344,155	75,198	2,832,274	3,346,937
Prepaid expenses and deposits	10,974	7,539	7,816	2,511	7,381	2,415,557	2,451,778
Total current assets	61,984	16,767	679,960	354,608	573,399	7,108,291	8,795,009
Related party note receivable	-	-	-	-	-	2,426,000	2,426,000
Restricted deposits							
Replacement, operating and other reserves	425,274	408,743	332,868	134,025	312,754	10,788,693	12,402,357
Tenant security deposits	19,117	8,417	15,052	19,402	13,094	219,302	294,384
Development-in-progress	10,638	428,503	3,426	-	-	21,720,484	22,163,051
Fixed assets - net	6,055,569	3,689,408	3,800,116	1,834,541	468,505	180,753,079	196,601,218
Deferred costs - net	-	-	-	-	-	265,719	265,719
Investment in other companies	-	-	-	-	-	2,756,343	2,756,343
Total non-current assets	6,510,598	4,535,071	4,151,462	1,987,968	794,353	218,929,620	236,909,072
Total assets	$ 6,572,582	$ 4,551,838	$ 4,831,422	$ 2,342,576	$ 1,367,752	$ 226,037,911	$ 245,704,081
LIABILITIES							
Current liabilities							
Accounts payable and accrued expenses	$ 77,892	$ 69,621	$ 43,979	$ 207,909	$ 35,325	$ 499,949	$ 934,675
Development costs payable	-	-	-	-	-	2,169,679	2,169,679
Related parties - current portion	259,043	211,770	24,789	32,824	-	2,828,009	3,356,435
Interest payable - current portion	16,535	-	-	-	-	322,576	339,111
Notes payable, net - current portion	-	61,178	5,712	-	-	27,066,616	27,133,506
Total current liabilities	353,470	342,569	74,480	240,733	35,325	32,886,829	33,933,406
Tenant security deposits	16,271	18,278	15,539	19,402	13,094	234,236	316,820
Deferred income	-	9,956	-	245,127	6,773	954,180	1,216,036
Related parties - net of current portion	-	-	-	-	-	434,269	434,269
Interest payable - net of current portion	2,923,181	1,165,751	2,042,114	396,023	-	9,540,259	16,067,328
Notes payable, net - net of current portion	5,881,258	2,585,785	1,520,823	997,409	66,007	138,309,769	149,361,051
Total non-current liabilities	8,820,710	3,779,770	3,578,476	1,657,961	85,874	149,472,713	167,395,504
Total liabilities	9,174,180	4,122,339	3,652,956	1,898,694	121,199	182,359,542	201,328,910
Net assets							
Net assets without donor restrictions							
Controlling interest	(4,120,598)	(1,687,007)	(321,534)	443,882	1,246,553	6,022,131	1,583,427
Non-controlling interest	-	-	-	-	-	37,656,238	37,656,238
Total net assets without donor restrictions	(4,120,598)	(1,687,007)	(321,534)	443,882	1,246,553	43,678,369	39,239,665
Net assets with donor restrictions	1,519,000	2,116,506	1,500,000	-	-	-	5,135,506
Total net assets	(2,601,598)	429,499	1,178,466	443,882	1,246,553	43,678,369	44,375,171
Total liabilities and net assets	$ 6,572,582	$ 4,551,838	$ 4,831,422	$ 2,342,576	$ 1,367,752	$ 226,037,911	$ 245,704,081

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CHP PROGRAM SERVICES

FOR THE YEAR ENDED JUNE 30, 2019

	General	Solutions SF	5th Street Apartments	Civic Center	Total CHP Program Services
Change in net assets without donor restrictions					
Revenue					
Government grants	$ 6,560,068	$ 41,553	$ -	$ 1,569,973	$ 8,171,594
Contributions - without donor restrictions	1,892,365	122,000	-	-	2,014,365
Contributions - with donor restrictions	200,000	-	-	-	200,000
In-kind contributions	71,153	-	-	-	71,153
Contract service income	-	2,939,436	-	-	2,939,436
Rent and subsidy income - net	-	-	45,515	152,147	197,662
Developer fees	3,628,489	-	-	-	3,628,489
Related party fees	3,140,882	719,122	-	-	3,860,004
Loss from investments in other companies	(244,400)	-	-	-	(244,400)
Interest and other income	82,472	637	1,354	-	84,463
Investment income	2,538	-	-	-	2,538
Total revenue	15,333,567	3,822,748	46,869	1,722,120	20,925,304
Expenses					
Program services	8,641,245	4,239,211	40,778	1,648,722	14,569,956
Management and general	3,084,975	-	-	-	3,084,975
Fundraising	795,407	-	-	-	795,407
Total expenses before depreciation and amortization	12,521,627	4,239,211	40,778	1,648,722	18,450,338
Change in net assets before depreciation and amortization	2,811,940	(416,463)	6,091	73,398	2,474,966
Depreciation and amortization	39,863	-	51,128	274,360	365,351
Change in net assets	2,772,077	(416,463)	(45,037)	(200,962)	2,109,615
Net assets, beginning of year	8,971,686	16,807	185,056	1,325,254	10,498,803
Net assets, end of year	$ 11,743,763	$ (399,656)	$ 140,019	$ 1,124,292	$ 12,608,418

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CHP PROGRAM SERVICES

FOR THE YEAR ENDED JUNE 30, 2018

	General	Solutions SF	5th Street Apartments	Civic Center	Total CHP Program Services
Change in net assets without donor restrictions					
Revenue					
Government grants	$ 5,752,501	$ 141,953	$ 1,267,667	$ 1,685,149	$ 8,847,270
Contributions - without donor restrictions	1,639,926	34,183	44,898	-	1,719,007
Contributions - with donor restrictions	110,000	-	80,102	-	190,102
In-kind contributions	23,133	-	-	-	23,133
Contract service income	-	2,580,996	-	-	2,580,996
Rent and subsidy income - net	-	-	45,074	167,011	212,085
Developer fees	2,225,000	-	-	-	2,225,000
Related party fees	3,264,738	1,138,096	5,888	-	4,408,722
Loss from investment in other companies	(365,400)	-	-	-	(365,400)
Interest and other income	100,643	-	5,979	8,500	115,122
Investment income	250	-	-	-	250
Total revenue	12,750,791	3,895,228	1,449,608	1,860,660	19,956,287
Expenses					
Program services	7,654,482	3,978,292	1,303,992	1,773,262	14,710,028
Management and general	3,212,674	-	-	-	3,212,674
Fundraising	577,931	-	-	-	577,931
Total expenses before depreciation and amortization	11,445,087	3,978,292	1,303,992	1,773,262	18,500,633
Change in net assets before depreciation and amortization	1,305,704	(83,064)	145,616	87,398	1,455,654
Depreciation and amortization	33,998	-	50,661	548,721	633,380
Change in net assets	1,271,706	(83,064)	94,955	(461,323)	822,274
Net assets, beginning of year	7,699,980	99,871	90,101	1,786,577	9,676,529
Net assets, end of year	$ 8,971,686	$ 16,807	$ 185,056	$ 1,325,254	$ 10,498,803

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CHP PROPERTY OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2019

	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	CHP Villages	Tax Credit Partnerships and LLCs	Total CHP Property Operations
Change in net assets without donor restrictions							
Revenue							
Rent and subsidy income - net	$ 1,110,470	$ 1,369,795	$ 1,898,929	$ 1,948,587	$ 1,495,679	$ 10,498,886	$ 18,322,346
Operating subsidy grants	15,801	75,103	20,509	-	-	2,016,488	2,127,901
Loss from investments in other companies	-	-	-	-	-	(777)	(777)
Interest and other income	2,285	17,435	397	242	2,265	251,199	273,823
Total revenue	1,128,556	1,462,333	1,919,835	1,948,829	1,497,944	12,765,796	20,723,293
Expenses							
Program services	1,092,597	997,533	1,138,078	1,476,419	765,131	12,632,762	18,102,520
Change in net assets before deferred interest, depreciation and amortization	35,959	464,800	781,757	472,410	732,813	133,034	2,620,773
Deferred interest	237,615	52,500	90,000	-	-	2,112,130	2,492,245
Depreciation and amortization	408,165	133,900	124,963	194,290	94,787	6,594,677	7,550,782
Total deferred interest, depreciation and amortization	645,780	186,400	214,963	194,290	94,787	8,706,807	10,043,027
Change in net assets	(609,821)	278,400	566,794	278,120	638,026	(8,573,773)	(7,422,254)
Net assets, beginning of year	(2,601,598)	429,499	1,178,466	443,882	1,246,553	43,678,369	44,375,171
Capital contributions - non-controlling interest	-	-	-	-	-	36,173,600	36,173,600
Capital contributions - controlling interest	-	-	-	-	-	1,000,000	1,000,000
Net assets, end of year	$ (3,211,419)	$ 707,899	$ 1,745,260	$ 722,002	$ 1,884,579	$ 72,278,196	$ 74,126,517

see report of independent auditors

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - CHP PROPERTY OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	CHP Villages	Tax Credit Partnerships and LLCs	Total CHP Property Operations
Change in net assets without donor restrictions							
Revenue							
Rent and subsidy income - net	$ 1,020,911	$ 753,079	$ 1,862,868	$ 1,342,322	$ 883,899	$ 8,212,531	$ 14,075,610
Operating subsidy grants	-	60,743	-	380,897	-	3,451,760	3,893,400
Loss from investment in other companies	-	-	-	-	-	(856)	(856)
Interest and other income	1,244	347	191	154,310	1,262	174,341	331,695
Total revenue	1,022,155	814,169	1,863,059	1,877,529	885,161	11,837,776	18,299,849
Expenses							
Program services	1,302,613	957,988	997,658	1,474,397	746,017	11,412,363	16,891,036
Change in net assets before deferred interest, depreciation and amortization	(280,458)	(143,819)	865,401	403,132	139,144	425,413	1,408,813
Deferred interest	237,615	52,500	90,000	-	-	2,008,178	2,388,293
Depreciation and amortization	389,992	128,075	124,788	152,064	67,279	5,929,053	6,791,251
Total deferred interest, depreciation and amortization	627,607	180,575	214,788	152,064	67,279	7,937,231	9,179,544
Change in net assets	(908,065)	(324,394)	650,613	251,068	71,865	(7,511,818)	(7,770,731)
Net assets, beginning of year	(1,693,533)	753,893	527,853	192,814	1,174,688	51,075,879	52,031,594
Capital contributions - non-controlling interest	-	-	-	-	-	116,708	116,708
Increase in net assets from the consolidation of San Cristina, L.P.	-	-	-	-	-	(2,400)	(2,400)
Net assets, end of year	$ (2,601,598)	$ 429,499	$ 1,178,466	$ 443,882	$ 1,246,553	$ 43,678,369	$ 44,375,171

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor / Program Title:	Federal CFDA No.	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Community Development Block Grants Cluster:		
Community Development Block Grants/Entitlement Grants:	14.218	
Pass-through awards:		
City and County of San Francisco, Mayor's Office of Housing:		
Housing Site Acquisition Program, San Cristina Hotel		$ 2,116,506
Workforce Development Grants, Job Readiness Services		75,000
Workforce Development Grants, Occupation Skills Training		56,250
Community Development Block Grants/Special Purpose Grants/ Insular Areas:	14.225	
Pass-through awards:		
City and County of San Francisco, Mayor's Office of Housing:		
CDBG Program Loan, San Cristina Hotel		450,000
Total cluster		2,697,756
Community Development Block Grants/Special Purpose Grants/ Insular Areas (Recovery Act Funded):	14.254	
Pass-through awards:		
City and County of San Francisco, Mayor's Office of Housing:		
Supporting Housing Program Loan, Iroquois Hotel		1,500,000
Section 8 Housing Choice Vouchers:	14.871	
Pass-through awards:		
San Francisco Housing Authority:		
Island Bay		1,368,390
CHP Villages		1,254,067
Total		2,622,457
Section 8 Project-Based Cluster:		
Pass-through awards:		
San Francisco Housing Authority:		
Lower Income Housing Assistance Program Section 8 Moderate Rehabilitation for Iroquois and Senator	14.856	2,455,925
Section 8 Moderate Rehabilitation Single Room Occupancy for San Cristina Hotel	14.249	1,090,125
Total cluster		3,546,050
Shelter Plus Care:	14.238	
Pass-through awards:		
City and County of San Francisco, Department of Human Services:		
Island Bay Homes – Project Based Rental Assistance		246,046

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal Grantor / Pass-Through Grantor / Program Title:	Federal CFDA No.	Federal Expenditures
Continuum of Care Program:	14.267	
Direct award:		
Iroquois Hotel		134,531
Pass-through awards:		
City and County of San Francisco, Dept. of Human Services:		
Integrated Services Network (ISN)		178,935
Total		313,466
Home Investments Partnerships Program:	14.239	
Pass-through awards:		
City and County of San Francisco:		
Housing Development Grants, Affordable Housing Development		24,327
Total U.S. Department of Housing and Urban Development		**10,950,102**
Corporation for National and Community Service:		
Social Innovation Fund Program	94.019	
Pass-through awards:		
REDF:		
Social Innovation Fund Project		41,553
Department of Health and Human Services:		
Medical Assistance Program (Medicaid):	93.778	
Pass-through awards:		
City and County of San Francisco, Human Services Agency:		
Supportive Tenant Services Grant		1,023,262
United States Department of Agriculture (USDA):		
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	
Pass-through awards:		
City and County of San Francisco, Department of Human Services:		
Employment Services for At Risk and Formerly Homeless		316,553
SNAP to Skills:		3,954
Total		320,507
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 12,335,424

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Basis of presentation

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the expenditures of the Organization under programs of the federal government for the year ended June 30, 2019. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

For purposes of the Schedule, federal awards include all sub-awards to the Organization by nonfederal organizations pursuant to federal grants, contracts and similar agreements.

The Organization did not elect to use the 10% de minimis indirect cost rate in the Schedule.

Summary of significant accounting policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* and OMB Circular A-122, *Cost Principles for Non-Profit Organizations,* wherein certain types of expenditures are not allowed. Catalogue of Federal Domestic Assistance numbers ("CFDA No.") are provided when available.

Federal grants outstanding

The Organization had the following repayable grant balance outstanding as of June 30, 2019. Such grants require continuing compliance and will be repayable only if demanded by the grantor in the event of non-compliance. These balances are included in the Schedule.

Program Title	Federal CFDA Number	Amount Outstanding
Community Development Block Grant – San Cristina	14.218	$ 2,116,506

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

Federal loans outstanding

The Organization had the following loans outstanding as of June 30, 2019. These loans require continuing compliance, and these balances are included in the Schedule.

CFDA No.	Program title	Loans received in the current period	Prior year loans with continuing compliance requirements	Total outstanding loans
14.254	Community Development Block Grant/Special Purpose Grants (Recovery (Act Funded)	$ -	$ 1,500,000	$ 1,500,000
14.225	Community Development Block Grants/Special Purpose Grants	$ 74,835	$ 375,165	$ 450,000

NOVOGRADAC & COMPANY LLP®

Independent Auditors' Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Board of Directors of
Community Housing Partnership and Affiliates:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of Community Housing Partnership and Affiliates (the "Organization"), which comprise the consolidated statements of financial position as of June 30, 2019 and 2018, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated January 31, 2020.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Novogradac & Company LLP

Walnut Creek, California
January 31, 2020

NOVOGRADAC & COMPANY LLP®

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

To the Board of Directors of
Community Housing Partnership and Affiliates:

Report on Compliance for Each Major Federal Program

We have audited the compliance of Community Housing Partnership, a California nonprofit corporation, and affiliates (the "Organization"), with the types of compliance requirements described in *OMB Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended June 30, 2019. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the Organization's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Organization's 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Organization's compliance.

Opinion on Each Major Federal Program

In our opinion, the Organization complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

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

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

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

Purpose of This Report

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

Novogradac & Company LLP

Walnut Creek, California
January 31, 2020

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

	Yes	No
Material weakness(es) identified?		X
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		X
Noncompliance material to financial statements noted?		X

Federal Awards

Internal control over major programs:

	Yes	No
Material weakness(es) identified?		X
Significant deficiency(ies) identified that are not considered to be material weakness(es)?		X

Type of auditor's report issued on compliance for major programs: Unmodified

	Yes	No
Audit findings required to be reported in accordance with 2 CFR section 200.516(a)?		X

Identification of major programs:	Name of Federal Program or Cluster
14.249 & 14.856	Section 8 Project-Based Cluster
93.778	Medical Assistance Program (Medicaid)

Dollar threshold used to distinguish between Type A and Type B programs: $750,000

	Yes	No
Auditee qualified as low-risk auditee?	X	

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.