COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

with

Report of Independent Auditors

For the Years Ended June 30, 2015 and 2014

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

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NOVOGRADAC
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CERTIFIED PUBLIC ACCOUNTANTS

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, 2015 and 2014, and the related consolidated statements of activities and changes in net assets, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with 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, 2015 and 2014, 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.

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Emphasis of Matter

As discussed in Note 5 and Note 10 to the financial statements, the accompanying consolidated statement of financial position as of June 30, 2014 has been restated to reflect a discount of the Organization's debt to its present value and a corresponding reduction in the basis of land and building acquired by such debt. Our opinion is not modified with respect to that matter.

Other Matters

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary information on pages 37 to 41 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 Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, 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 December 16, 2015, 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
December 16, 2015

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2015

	Community Housing Partnership	*LIHTC Partnerships*	*Other Companies*	*Subtotal*	*Eliminations*	*Total*
ASSETS						
Current assets						
Cash and cash equivalents	$ 420,717	$ 529,798	$ 621,278	$ 1,571,793	$ -	$ 1,571,793
Receivables						
Government grants	476,373	-	-	476,373	-	476,373
Contract services	120,120	-	-	120,120	-	120,120
Related parties - current portion	570,949	4,020	-	574,969	(324,969)	250,000
Rent, subsidy, and others	292,271	503,936	60,762	856,969	(12,262)	844,707
Prepaid expenses and deposits	154,271	57,671	5,920	217,862	-	217,862
Total current assets	2,034,701	1,095,425	687,960	3,818,086	(337,231)	3,480,855
Receivables						
Related parties - net of current portion	1,540,690	-	2,643,500	4,184,190	(4,151,563)	32,627
Restricted deposits						
Replacement, operating and other reserves	2,231,960	7,516,637	779,944	10,528,541	-	10,528,541
Tenant security deposits	86,377	129,597	15,039	231,013	-	231,013
Development in progress	6,220	-	821,828	828,048	-	828,048
Fixed assets - net	15,936,089	101,018,935	-	116,955,024	16,519	116,971,543
Intangible assets - net	-	391,054	-	391,054	-	391,054
Investment in other companies	2,562,431	-	1,749,566	4,311,997	(4,307,797)	4,200
Marketable securities	1,443	-	-	1,443	-	1,443
Total assets	$ 24,399,911	$ 110,151,648	$ 6,697,837	$ 141,249,396	$ (8,780,072)	$ 132,469,324
LIABILITIES AND NET ASSETS						
Current liabilities						
Accounts payable and accrued expenses	$ 1,085,963	$ 161,060	$ 63,168	$ 1,310,191	$ (57,758)	$ 1,252,433
Development costs payable	-	-	215,934	215,934	-	215,934
Interest payable - current portion	18,038	144,366	-	162,404	-	162,404
Notes payable - current portion	60,126	7,995,568	-	8,055,694	-	8,055,694
Total current liabilities	1,164,127	8,300,994	279,102	9,744,223	(57,758)	9,686,465
Tenant security deposits	89,573	120,098	15,039	224,710	-	224,710
Related-party payable	586,244	1,090,857	135,385	1,812,486	(1,780,036)	32,450
Deferred income	19,729	480,380	467	500,576	1,628,778	2,129,354
Interest payable - net of current portion	5,426,170	4,124,351	-	9,550,521	-	9,550,521
Notes payable - net of current portion	10,643,513	61,348,604	2,673,436	74,665,553	(2,651,000)	72,014,553
Total non-current liabilities	16,765,229	67,164,290	2,824,327	86,753,846	(2,802,258)	83,951,588
Total liabilities	17,929,356	75,465,284	3,103,429	96,498,069	(2,860,016)	93,638,053
Net assets						
Unrestricted						
Controlling interest	1,073,609	1,739,495	3,594,408	6,407,512	(5,920,056)	487,456
Non-controlling interest	-	32,946,869	-	32,946,869	-	32,946,869
Total unrestricted net assets	1,073,609	34,686,364	3,594,408	39,354,381	(5,920,056)	33,434,325
Temporarily restricted	5,396,946	-	-	5,396,946	-	5,396,946
Total net assets	6,470,555	34,686,364	3,594,408	44,751,327	(5,920,056)	38,831,271
Total liabilities and net assets	$ 24,399,911	$ 110,151,648	$ 6,697,837	$ 141,249,396	$ (8,780,072)	$ 132,469,324

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
JUNE 30, 2014

		Community Housing Partnership		LIHTC Partnerships		Other Companies		Subtotal		Eliminations		Total
ASSETS												
Current assets												
Cash and cash equivalents	$	447,074	$	426,529	$	4,769	$	878,372	$	-	$	878,372
Receivables												
Government grants		896,437		-		-		896,437		-		896,437
Contract services		129,211		-		-		129,211		-		129,211
Contributions		125,000		-		-		125,000		-		125,000
Related parties - current portion		615,768		-		-		615,768		(315,767)		300,001
Notes receivable		-		-		516,000		516,000		(516,000)		-
Rent, subsidy, and others		464,501		698,408		147,036		1,309,945		42,554		1,352,499
Prepaid expenses and deposits		327,709		37,517		-		365,226		-		365,226
Total current assets		3,005,700		1,162,454		667,805		4,835,959		(789,213)		4,046,746
Receivables												
Related parties - net of current portion		1,089,872		-		2,087,500		3,177,372		(3,177,372)		-
Restricted deposits												
Replacement, operating and other reserves		2,825,657		3,923,063		-		6,748,720		-		6,748,720
Tenant security deposits		81,250		123,723		-		204,973		-		204,973
Development in progress		-		5,264,908		-		5,264,908		-		5,264,908
Fixed assets - net (restated)		15,993,332		96,964,093		-		112,957,425		16,519		112,973,944
Intangible assets - net		-		408,812		-		408,812		-		408,812
Investment in other companies		2,500,842		-		1,750,041		4,250,883		(4,246,683)		4,200
Marketable securities		1,659		-		-		1,659		-		1,659
Total assets	$	25,498,312	$	107,847,053	$	4,505,346	$	137,850,711	$	(8,196,749)	$	129,653,962
LIABILITIES AND NET ASSETS												
Current liabilities												
Accounts payable and accrued expenses	$	1,445,594	$	168,694	$	17,351	$	1,631,639	$	(9,500)	$	1,622,139
Development costs payable		-		1,390,687		3,000		1,393,687		-		1,393,687
Interest payable - current portion		18,038		118,639		-		136,677		-		136,677
Notes payable - current portion		58,033		-		-		58,033		-		58,033
Total current liabilities		1,521,665		1,678,020		20,351		3,220,036		(9,500)		3,210,536
Tenant security deposits		84,790		115,319		-		200,109		-		200,109
Related-party payable		535,072		662,547		192,696		1,390,315		(1,356,085)		34,230
Deferred income		44,923		395,530		-		440,453		1,263,166		1,703,619
Interest payable - net of current portion (restated)		5,022,815		3,228,184		-		8,250,999		-		8,250,999
Notes payable - net of current portion (restated)		10,655,895		65,849,784		2,050,000		78,555,679		(2,601,000)		75,954,679
Total non-current liabilities		16,343,495		70,251,364		2,242,696		88,837,555		(2,693,919)		86,143,636
Total liabilities		17,865,160		71,929,384		2,263,047		92,057,591		(2,703,419)		89,354,172
Net assets												
Unrestricted												
Controlling interest		1,429,409		1,740,000		2,242,299		5,411,708		(5,493,330)		(81,622)
Non-controlling interest		-		34,177,669		-		34,177,669		-		34,177,669
Total unrestricted net assets		1,429,409		35,917,669		2,242,299		39,589,377		(5,493,330)		34,096,047
Temporarily restricted		6,203,743		-		-		6,203,743		-		6,203,743
Total net assets		7,633,152		35,917,669		2,242,299		45,793,120		(5,493,330)		40,299,790
Total liabilities and net assets	$	25,498,312	$	107,847,053	$	4,505,346	$	137,850,711	$	(8,196,749)	$	129,653,962

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, 2015

	Community Housing Partnership	*LIHTC Partnerships*	*Other Companies*	*Subtotal*	*Eliminations*	*Total*
Change in unrestricted net assets						
Revenue and other support						
Government grants	$ 5,091,126	$ -	$ -	$ 5,091,126	$ -	$ 5,091,126
Contributions	926,039	-	-	926,039	-	926,039
In-kind contributions	185,776	-	-	185,776	-	185,776
Contract service income	1,380,524	-	-	1,380,524	-	1,380,524
Rent and subsidy income - net	3,519,771	2,214,436	967,040	6,701,247	-	6,701,247
Local Operating Subsidy Program grant	365,135	3,272,145	-	3,637,280	-	3,637,280
Developer fees	1,024,595	-	-	1,024,595	(1,024,595)	-
Related party fees	2,264,880	-	-	2,264,880	(1,974,597)	290,283
Income (loss) from investment in other companies	11,589	-	(475)	11,114	(11,114)	-
Interest and other income	611,102	37,834	103,062	751,998	(117,262)	634,736
Investment loss	(14)	-	-	(14)	-	(14)
Total revenue and other support	15,380,523	5,524,415	1,069,627	21,974,565	(3,127,568)	18,846,997
Net assets released from restrictions	1,028,237	-	-	1,028,237	-	1,028,237
Total unrestricted revenue and support	16,408,760	5,524,415	1,069,627	23,002,802	(3,127,568)	19,875,234
Expenses						
Program services	12,105,920	5,744,253	1,087,459	18,937,632	(2,706,616)	16,231,016
Management and general	3,119,394	-	-	3,119,394	-	3,119,394
Fundraising	370,467	-	-	370,467	-	370,467
Total expenses before deferred interest, depreciation and amortization	15,595,781	5,744,253	1,087,459	22,427,493	(2,706,616)	19,720,877
Change in unrestricted net assets before deferred interest, depreciation and amortization	812,979	(219,838)	(17,832)	575,309	(420,952)	154,357
Deferred interest	403,355	969,199	-	1,372,554	-	1,372,554
Depreciation and amortization	765,424	3,859,009	-	4,624,433	(44,226)	4,580,207
Total deferred interest, depreciation and amortization	1,168,779	4,828,208	-	5,996,987	(44,226)	5,952,761
Change in unrestricted net assets	(355,800)	(5,048,046)	(17,832)	(5,421,678)	(376,726)	(5,798,404)
Change in temporarily restricted net assets						
Contributions	221,440	-	-	221,440	-	221,440
Release from temporarily restricted net assets	(1,028,237)	-	-	(1,028,237)	-	(1,028,237)
Change in temporarily restricted net assets	(806,797)	-	-	(806,797)	-	(806,797)
Total change in net assets	(1,162,597)	(5,048,046)	(17,832)	(6,228,475)	(376,726)	(6,605,201)
Net assets, beginning of year	7,633,152	35,917,669	2,242,299	45,793,120	(5,493,330)	40,299,790
Increase in net assets from assumption of CHP Villages sublease	-	-	1,319,941	1,319,941	-	1,319,941
Capital contributions - controlling interest	-	-	50,000	50,000	(50,000)	-
Capital contributions - non-controlling interest	-	3,892,941	-	3,892,941	-	3,892,941
Syndication costs	-	(76,200)	-	(76,200)	-	(76,200)
Net assets, end of year	$ 6,470,555	$ 34,686,364	$ 3,594,408	$ 44,751,327	$ (5,920,056)	$ 38,831,271

Reconciliation of net assets	
Controlling interest	
Beginning of year	$ 6,122,121
Increase in net assets from assumption of CHP Villages sublease	1,319,941
Changes in net assets	(1,557,660)
End of year	5,884,402
Non-controlling interest	
Beginning of year	34,177,669
Capital contributions	3,892,941
Syndication costs	(76,200)
Changes in net assets	(5,047,541)
End of year	32,946,869
Net assets, end of year	$ 38,831,271

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, 2014

	Community Housing Partnership	*LIHTC Partnerships*	*Other Companies*	*Subtotal*	*Eliminations*	*Total*
Change in unrestricted net assets						
Revenue and other support						
Government grants	$ 4,756,432	$ -	$ -	$ 4,756,432	$ -	$ 4,756,432
Contributions	563,063	-	-	563,063	-	563,063
In-kind contributions	156,072	-	-	156,072	-	156,072
Contract service income	1,500,828	-	-	1,500,828	-	1,500,828
Rent and subsidy income - net	3,371,166	2,139,994	599	5,511,759	-	5,511,759
Local Operating Subsidy Program grant	322,816	2,690,583	-	3,013,399	-	3,013,399
Developer fees	425,861	-	-	425,861	(115,861)	310,000
Related party fees	1,297,750	-	-	1,297,750	(1,198,505)	99,245
Income (loss) from investment in other companies	204,619	-	(420)	204,199	(204,199)	-
Interest and other income	47,113	16,820	95,825	159,758	(28,969)	130,789
Investment income	159	-	-	159	-	159
Total revenue and other support	12,645,879	4,847,397	96,004	17,589,280	(1,547,534)	16,041,746
Net assets released from restrictions	152,050	-	-	152,050	-	152,050
Total unrestricted revenue and support	12,797,929	4,847,397	96,004	17,741,330	(1,547,534)	16,193,796
Expenses						
Program services	9,990,526	4,819,519	30,317	14,840,362	(1,296,991)	13,543,371
Management and general	2,286,202	-	-	2,286,202	-	2,286,202
Fundraising	433,001	-	-	433,001	-	433,001
Total expenses before deferred interest, depreciation and amortization	12,709,729	4,819,519	30,317	17,559,565	(1,296,991)	16,262,574
Change in unrestricted net assets before deferred interest, depreciation and amortization, and gain on involuntary conversion	88,200	27,878	65,687	181,765	(250,543)	(68,778)
Deferred interest	403,373	782,812	57,895	1,244,080	-	1,244,080
Depreciation and amortization	574,715	3,705,599	-	4,280,314	(34,980)	4,245,334
Total deferred interest, depreciation and amortization	978,088	4,488,411	57,895	5,524,394	(34,980)	5,489,414
Gain on involuntary conversion	358,674	-	-	358,674	-	358,674
Change in unrestricted net assets	(531,214)	(4,460,533)	7,792	(4,983,955)	(215,563)	(5,199,518)
Change in temporarily restricted net assets						
Contributions	290,327	-	-	290,327	-	290,327
Release from temporarily restricted net assets	(152,050)	-	-	(152,050)	-	(152,050)
Change in temporarily restricted net assets	138,277	-	-	138,277	-	138,277
Total change in net assets	(392,937)	(4,460,533)	7,792	(4,845,678)	(215,563)	(5,061,241)
Net assets, beginning of year	7,798,840	34,515,850	2,032,258	44,346,948	(4,848,269)	39,498,679
Transfer of capital - controlling interest	202,249	-	202,249	404,498	(404,498)	-
Capital contributions - controlling interest	25,000	-	-	25,000	(25,000)	-
Capital contributions - non-controlling interest	-	5,862,352	-	5,862,352	-	5,862,352
Net assets, end of year	$ 7,633,152	$ 35,917,669	$ 2,242,299	$ 45,793,120	$ (5,493,330)	$ 40,299,790

Reconciliation of net assets	
Controlling interest	
Beginning of year	$ 6,623,518
Changes in net assets	(501,397)
End of year	6,122,121
Non-controlling interest	
Beginning of year	32,875,161
Capital contributions	5,862,352
Changes in net assets	(4,559,844)
End of year	34,177,669
Net assets, end of year	$ 40,299,790

see accompanying notes to consolidated financial statements

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2015 AND 2014

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in net assets	$ (6,605,201)	$ (5,061,241)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Amortization of discount	24,737	-
Gain on involuntary conversion	-	(358,674)
Investment loss (income)	14	(159)
Depreciation and amortization	4,580,207	4,245,334
Amortization of deferred revenue - development fee	(44,226)	(34,980)
(Increase) decrease in assets		
Accounts receivable	1,092,949	(243,600)
Related party receivable	17,374	(285,001)
Prepaid expenses and deposits	149,638	129,013
Tenant security deposits	(11,880)	(20,411)
Increase (decrease) in liabilities		
Accounts payable and accrued expenses	(369,706)	37,327
Related party payable	(1,780)	(237,040)
Deferred income	513,643	224,534
Tenant security deposits payable	10,736	7,441
Interest payable	1,334,092	1,162,692
Redemption of marketable securities	202	(1,500)
Net cash provided by (used in) operating activities	690,799	(436,265)
CASH FLOWS FROM INVESTING ACTIVITIES		
Net increase in restricted deposit for reserves	(3,021,225)	(292,694)
Net increase in development in progress	(825,708)	(2,794,636)
Purchase of property and equipment	(3,194,050)	(1,829,305)
Insurance proceeds for casualty losses	-	1,355,065
Increase in intangible assets	(147,656)	(81,243)
Payment of development costs payable	(1,177,753)	(930,247)
Cash from assuming controlling interest in CHP Villages	594,325	-
Net cash used in investing activities	(7,772,067)	(4,573,060)
CASH FLOWS FROM FINANCING ACTIVITIES		
Capital contributions - non-controlling interest	3,892,941	5,862,352
Payment of notes payable	(126,296)	(8,200,603)
Payment of line of credit	-	(346,855)
Proceeds from notes payable	4,084,244	7,544,869
Syndication costs	(76,200)	-
Net cash provided by financing activities	7,774,689	4,859,763
Net decrease in cash and cash equivalents	693,421	(149,562)
Cash and cash equivalents at beginning of year	878,372	1,027,934
Cash and cash equivalents at end of year	$ 1,571,793	$ 878,372
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 378,823	$ 322,866
Interest capitalized to fixed assets	$ 77,736	$ 21,928
Supplemental disclosure of noncash activities		
Increase in fixed assets from capitalized amortization expense	$ 86,751	$ -
Increase in fixed assets and development costs payable	$ -	$ 1,393,687

see accompanying notes to consolidated financial statements

1. Organization

Community Housing Partnership ("CHP") is a California non-profit public benefit corporation and was 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 (LLC's) 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 Community Housing Partnership and Affiliates in accordance with generally accepted accounting principles, are single-member LLC's 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.

CHP is the sole member of CHP Fifth Street LLC, which operates 5th 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.

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

1. Organization (continued)

The consolidated financial statements do not include the following entities where CHP is deemed to not have control. These entities are accounted for under the equity method of accounting and are enumerated as follows:

Limited Liability Company	*Limited Partnership*
Folsom Essex LLC	25 Essex, L.P.

2. Summary of significant accounting policies and nature of operations

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 the limited partners' equity interests in Hotel Essex, L.P., 650 Eddy, L.P., 473 Ellis, L.P., Arendt House, L.P., 365 Fulton, L.P., and CHP Scott Street, L.P. that are included in the consolidated financial statements. The aggregate balance, if any, of the limited partners' interest are shown in unrestricted net assets.

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.

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.

Financial statement presentation
The Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted and permanently restricted.

Unrestricted Net Assets: Net assets that are not subject to donor-imposed stipulations that may or will be expendable by the board for any purpose in performing the Organization's primary objectives.

Temporarily Restricted Net Assets: Net assets that are subject to donor-imposed stipulations that may or will be met either by the Organization's actions and/or the passage of time.

Permanently Restricted Net Assets: Net assets that are subject to donor-imposed stipulations whereby the resources are to be preserved in perpetuity.

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

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.

As of June 30, 2015 and 2014, cash balances in excess of the federal insured limits totaled \$6,184,640 and \$1,681,086 respectively.

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 which extend their useful lives, or otherwise restricted as to allowable uses.

Accounts 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.

Investments in other companies
CHP's investment in other companies is 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 which are majority controlled by CHP are eliminated in these consolidated financial statements.

Fixed assets and depreciation
Purchased fixed assets are stated at cost. The cost associated with the development and the construction of real properties is capitalized. Major improvements are charged to the fixed asset account, while maintenance and repairs, which do not extend the life of the respective assets, are expensed.

The useful lives of the assets are estimated as follows:

Buildings	27.5 to 55 years
Building improvements	10 to 55 years
Furniture and equipment	3 to 10 years

Depreciation is computed on the straight-line method over the estimated useful lives of the assets. Depreciation expense during the years ended June 30, 2015 and 2014 was \$4,501,544 and \$4,214,511, respectively.

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

Intangible assets and amortization

Permanent loan fees are amortized on a straight-line basis over the life of the respective loan. Tax credit fees are amortized over the tax credit compliance period. Amortization expense for the years ended June 30, 2015 and 2014 was $78,663 and $30,823 respectively.

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, 2015 and 2014:

	June 30, 2015			
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Marketable securities	$ 1,443	$ -	$ -	$ 1,443

	June 30, 2014			
	Level 1	Level 2	Level 3	Fair Value Measurements
Assets				
Marketable securities	$ 1,659	$ -	$ -	$ 1,659

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

Fair value measurements (continued)
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.

Investments
All debt and equity securities are carried at estimated fair value. 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 unrestricted net assets.

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 flow 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 flows analysis, or other valuation technique. There were no impairment losses recognized during the years ended June 30, 2015 and 2014.

Development in progress
The Organization incurs costs during the construction or rehabilitation phase of each affordable housing project undertaken. Such costs include governmental fees, legal and consulting fees needed to investigate the feasibility and arrange for the financing of each project under consideration, as well as construction costs. These costs are recorded as assets (development in progress) and are usually recoverable from loan proceeds, grants or other equity sources. Project construction costs are considered to be construction in progress until the project is placed in service. Construction in progress is not depreciated until the completion of development. Any funds expended on a project that do not pass beyond the predevelopment stage are recorded as expenses when activity on the project ceases.

Rental income
Rental income is recognized as rent becomes due. 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 in rental income and as an expense of operations.

Revenue recognition
Contributions are recognized as revenue when they are unconditionally given. Grants represent contributions if resource providers receive no value in exchange for the assets transferred. Contributions received are recorded as unrestricted, temporarily restricted or permanently restricted support depending on the existence and/or nature of any donor restrictions. When a restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions. The Organization reports temporarily restricted contributions whose restrictions are met in the same reporting period as unrestricted contributions.

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

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

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

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

Developer fees earned on the development of properties owned by CHP, either temporarily or permanently, and where the fees are obtained from loan draws, are not recognized as income.

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.

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.

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

Income taxes (continued)
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.

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.

Economic concentration
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.

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, 2015 and 2014, the value of volunteer services totaled $179,921 and $92,451, respectively, and 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 received donated assets valued at $5,855 and $63,621 during the years ended June 30, 2015 and 2014, respectively, and is included in in-kind contributions on the accompanying consolidated statements of activities.

Subsequent events
Subsequent events have been evaluated through December 16, 2015, 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 consisted of the following at June 30, 2015 and 2014:

2015	Replacement Reserves	Operating Reserves	Transition Reserves	Subsidy Reserves	Total
Senator Hotel	$ 327,941	$ 192,762	$ -	$ -	$ 520,703
San Cristina Hotel	404,908	139,899	-	-	544,807
Iroquois Hotel	114,400	80,745	-	-	195,145
Island Bay Homes	5,561	11,342	-	-	16,903
Hotel Essex, L.P.	247,387	284,190	-	42,480	574,057
650 Eddy, L.P.	279,127	997	252,759	39	532,922
Arendt House, L.P.	145,240	218,525	-	40,502	404,267
473 Ellis, L.P.	46,059	3,876,671	-	-	3,922,730
365 Fulton, L.P.	307,659	1,211,744	9,326	544,331	2,073,060
CHP Scott Street, L.P.	9,601	-	-	-	9,601
5th Street Apartments	-	306	-	-	306
CHP Villages	267,308	178,196	-	334,440	779,944
	$ 2,155,191	$ 6,195,377	$ 262,085	$ 961,792	$ 9,574,445

2014	Replacement Reserves	Operating Reserves	Transition Reserves	Subsidy Reserves	Total
Senator Hotel	$ 354,002	$ 342,528	$ -	$ -	$ 696,530
San Cristina Hotel	127,970	181,509	-	-	309,479
Iroquois Hotel	126,273	177,067	-	-	303,340
Island Bay Homes	246,414	219,530	-	4,164	470,108
Hotel Essex, L.P.	215,609	268,326	-	43	483,978
650 Eddy, L.P.	250,865	190,941	252,538	99	694,443
Arendt House, L.P.	116,926	204,357	-	123,408	444,691
473 Ellis, L.P.	22,315	408,527	-	-	430,842
365 Fulton, L.P.	167,163	1,096,401	123,317	482,228	1,869,109
5th Street Apartments	-	378	-	-	378
	$ 1,627,537	$ 3,089,564	$ 375,855	$ 609,942	$ 5,702,898

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, 2015 and 2014 was $796,706 and $1,045,822, respectively. The balance of the supplemental reserve as of June 30, 2015 and 2014 was $157,390 and $0, respectively.

3. Restricted cash (continued)

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, 2015 and 2014 were $231,013 and $204,973, 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.

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. However, management is making additional discretionary deposits as approved by MOH. 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 transferred 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 earned during the year.

3. Restricted cash (continued)

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 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 earned 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 earned 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 loan. Additional reserves have been funded in accordance with the partnership agreement.

3. Restricted cash (continued)

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 earned during the year. Additional reserves have been funded in accordance with the partnership agreement.

CHP Scott Street, L.P. – Upon closing of permanent financing for the partnership, the project will be required to fund operating and replacement reserves in accordance with the loan agreements. As of June 30, 2015, the partnership's permanent financing had not yet closed.

CHP Villages – In accordance with the project's loan agreement with the City, monthly deposits to the replacement reserve are required 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 receivable

Contributions receivable as of June 30, 2015 and 2014, which represent amounts expected to be received in less than one year, consisted of the following:

	2015	2014
Unrestricted contributions	$ -	$ -
Temporarily restricted contributions:		
Future periods	-	85,000
Housing development	-	40,000
Total	$ -	$ 125,000

5. Fixed assets

Fixed assets as of June 30, 2015 and 2014 consisted of the following:

	2015	2014
Land	$ 5,814,390	$ 5,666,109
Buildings and improvements	136,785,824	128,871,161
Furniture, fixtures, and equipment	3,324,367	3,012,932
Total fixed assets	145,924,581	137,550,202
Less accumulated depreciation	(28,953,038)	(24,576,258)
Total fixed assets, net	$ 116,971,543	$ 112,973,944
Development in progress	$ 828,048	$ 5,264,908

Depreciation expense during the years ended June 30, 2015 and 2014 was $4,501,544 and $4,214,511, respectively, which is shown net of deferred developer fee amortization of $44,226 and $34,980, respectively (see note 12).

473 Ellis, L.P.

Upon acquisition of the project in 2012, the combined basis of the land and building of the Project was recorded at the face value of the debts assumed under the 473 Ellis City Loan and 473 Ellis HCD Loan (see Note 10). During 2015, the partnership discounted the debts assumed to the present value of future principal and interest payments as of the acquisition date, resulting in a corresponding reduction in the basis of land and building by the amount of the discount. The accompanying 2014 Consolidated Statement of Financial Position has been restated to reflect the basis reduction to land and building in the amount of $460,349 and $2,642,006, respectively, for a total of $3,102,355.

CHP Scott Street, L.P.

In July 2010, the project was acquired in part by executing the Scott Street MOH Loan (see Note 10). During 2015, the partnership discounted the 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. The accompanying 2014 Consolidated Statement of Financial Position has been restated to reflect the basis reduction to land and building in the amount of $83,694 and $256,003, respectively, for a total of $339,697.

Senator Hotel

In June 2013, a fire caused extensive damage to the roof of Senator Hotel. Damage incurred by the fire resulted in a reduction of fixed assets in the amount of $281,664 and accumulated depreciation in the amount of $45,064 (a net book value of $236,600). The reduction was determined by adjusting for inflation the anticipated replacement costs of $349,896, which were based on replacement costs incurred and replacement cost quotes. Actual replacement costs totaled $345,984. Based on initial insurance proceeds received in the amount of $214,011, a loss on involuntary conversion was recorded in the amount of $22,589 for the year ended June 30, 2013. Due to further insurance proceeds received during 2014 in the amount of $174,383, a gain on involuntary conversion equal to $174,383 was recorded for the year ended June 30, 2014. Total insurance proceeds related to fire at Senator Hotel amounted to $388,394.

5. Fixed assets (continued)

Island Bay Homes

In February 2013, a fire caused extensive damage to six units of Island Bay Homes. Damage incurred by the fire resulted in a reduction of fixed assets in the amount of $710,206 and accumulated depreciation in the amount of $511,473 (a net book value of $198,733). A portion of the reduction was recorded during the year ended June 30, 2013 by adjusting for inflation the anticipated replacement costs of $817,038, which were based on replacement cost quotes. An additional reduction in fixed assets was recognized during the year ended June 30, 2014 based on actual replacement costs of $969,604. Based on the amount of insurance proceeds initially received in the amount of $746,531, a gain on involuntary conversion was recorded in the amount of $583,647 for the year ended June 30, 2013. Due to further insurance proceeds received during 2014 in the amount of $220,140, an additional gain on involuntary conversion equal to $184,291 was recorded for the year ended June 30, 2014.

6. Intangible assets

Intangible assets as of June 30, 2015 and 2014 consisted of the following:

	2015	2014
Permanent loan costs	$ 345,558	$ 200,143
Tax credit fees	384,394	382,153
Total intangible assets	729,952	582,296
Less accumulated amortization	(338,898)	(173,484)
Total intangible assets, net	$ 391,054	$ 408,812

Amortization expense for the years ended June 30, 2015 and 2014 was $78,663 and $30,823, respectively. During the years ended June 30, 2015 and 2014, fully amortized intangibles in the amount of $0 and $385,501, respectively, were written off.

7. Related party transactions

Developer fees

CHP entered into a development agreement with 25 Essex, L.P. The agreement provides for a development fee in the amount of $600,000 for services in connection with the development of Rene Cazenave Apartments. During the years ended June 30, 2015 and 2014, CHP earned developer fees of $0 and $310,000, respectively. As of June 30, 2015 and 2014, developer fee receivable was $250,000 and $300,001, respectively.

Developer fees payable to Tenderloin Neighborhood Development Corporation ("TNDC")

Pursuant to the development agreement for Arendt House, L.P., TNDC, a former general partner, earned a specified percentage of the total developer fee of $1,200,000. As of June 30, 2015 and 2014, the developer fee payable to TNDC was $1,050 and $34,230, respectively, and is included in related party payable on the accompanying statements of financial position.

8. Investment in other companies

CHP is a co-member of Folsom Essex, LLC with MCB Family Housing, Inc. The limited liability company was formed on July 22, 2009 to serve as the general partner of 25 Essex, L.P. As of June 30, 2015 and 2014, the investment balance related to Folsom Essex, LLC was $4,200.

9. Marketable securities

Marketable securities consist of mutual funds and are valued at quoted market prices. The balance of marketable securities at June 30, 2015 and 2014 was $1,443 and $1,659, respectively. For the year ended June 30, 2015, realized and unrealized loss from marketable securities was $14. For the year ended June 30, 2014, realized and unrealized gain from marketable securities was $159.

10. Notes payable

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

	2015	2014
CHP loans:		
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, 2015 and 2014 was $935,991 and $825,188, respectively. Interest expense during the years ended June 30, 2015 and 2014 was $18,038 and $25,054, respectively, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $110,803 and $110,812, respectively.	$4,294,690	$4,294,690

10. Notes payable (continued)

	2015	2014
Senator Hotel (continued) 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, 2015 and 2014 was $1,312,183 and $1,185,371, respectively. Deferred interest expense during the years ended June 30, 2015 and 2014 was $126,812 and $126,821, respectively.	1,347,532	1,347,532
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, 2015 and 2014 was $1,008,251 and $955,751, respectively. Deferred interest expense during the years ended June 30, 2015 and 2014 was $52,500 in 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 bears a variable rate of interest not to exceed 9.21% per annum (2.25% as of June 30, 2015 and 2014), payable in monthly installments and matures on May 1, 2024. Interest expense during the years ended June 30, 2015 and 2014 was $12,016 and $18,374, respectively, and is included in program services expense on the accompanying consolidated statements of activities.	503,647	554,090
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, 2015 and 2014 was $2,375 and $2,697, respectively, and is included in program services expense on the accompanying consolidated statements of activities.	44,909	50,089

10. Notes payable (continued)

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, 2015 and 2014. Provided that no event of default occurs, any remaining obligation will be forgiven upon maturity on April 20, 2070. Accrued interest at June 30, 2015 and 2014 was $1,815,000 and $1,725,000, respectively. Deferred interest expense during the years ended June 30, 2015 and 2014 was $90,000 in each year.	1,500,000	1,500,000
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, 2015 and 2014 was $2,200 and $2,429, respectively, and is included in program services expense on the accompanying consolidated statements of activities.	40,452	45,118
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. Payments of principal and interest are due to the extent of residual receipts. Accrued interest at June 30, 2015 and 2014 was $372,783 and $349,543, respectively. Deferred interest expense during the years ended June 30, 2015 and 2014 was $23,240 in each year.	997,409	997,409

10. Notes payable (continued)

LIHTC partnerships and other companies:

473 Ellis, L.P.

On March 16, 2012, during 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 "473 Ellis HCD Loan"). 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 (see Note 5). The accompanying 2014 Consolidated Statement of Financial Position has been restated to reflect the discounted notes payable and accrued interest balances. Accrued interest as of June 30, 2015 and 2014 was $527,571 and $483,425, respectively, net of discount of $402,292 and $393,449, respectively. Interest expense for the years ended June 30, 2015 and 2014 was $5,455, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $17,848 and $29,155, respectively. The outstanding principal balance as of June 30, 2015 and 2014 was $659,003 and $673,065, respectively, net of discount of $639,740 and $625,678, respectively.	659,003	673,065

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 (see Note 5). The accompanying 2014 Consolidated Statement of Financial Position has been restated to reflect the discounted note payable. Interest expense for the years ended June 30, 2015 and 2014 was $45,135 and $0, respectively. The outstanding principal balance as of June 30, 2015 and 2014 was $2,202,541 and $2,157,406, respectively, net of discount of $2,038,093 and $2,083,228, respectively.	2,202,541	2,157,406
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, 2015 and 2014 was $128,385 and $0, respectively. Interest expense for the years ended June 30, 2015 and 2014 was $10,811 and $0, respectively, and is included in program services expense on the accompanying statement of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $151,452 and $0, respectively.	4,826,617	4,826,617

10. Notes payable (continued)

473 Ellis, L.P. (continued) On March 1, 2012, Cambridge obtained a construction loan from Silicon Valley Bank in the original amount of \$9,505,765. The loan accrued interest at a fixed rate of 1.75% per annum with interest payments due monthly. The loan was paid off at maturity on June 18, 2014. During the years ended June 30, 2015 and 2014, interest expense was \$0 and \$146,105, respectively.	-	-
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 in March 2067.	600,000	600,000
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 at June 30, 2015 and 2014 was \$29,658.	5,022,442	5,022,442

10. Notes payable (continued)

650 Eddy, L.P. (continued) 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. 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, 2015 and 2014 was $857,066 and $699,901, respectively. Interest expense during the years ended June 30, 2015 and 2014 was $25,584 and $25,583, respectively, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $157,166 in 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
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. All principal and interest are due at maturity in January 2067. Accrued interest as of June 30, 2015 and 2014 was $565,655 and $404,462, respectively. Interest expense during the years ended June 30, 2015 and 2014 was $26,241 and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $161,193.	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

10. Notes payable (continued)

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
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. The entire principal and unpaid accrued interest is to be repaid in October 2063. Accrued interest as of June 30, 2015 and 2014 was $1,213,397 and $1,038,197, respectively. Interest expense during the years ended June 30, 2015 and 2014 was $29,400 and $28,911, respectively, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $180,600.	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. On December 6, 2013, CHP Scott Street, L.P. obtained a construction loan from Bank of America in the maximum principal amount of $6,149,895. The loan bears interest at a variable rate equal to the daily LIBOR rate plus 3.5%. All unpaid principal and interest is due at maturity in February 2016. For the year ended June 30, 2014, interest expense was $21,928, which was recorded as development in progress in 2014 and capitalized to fixed assets in 2015. For the year ended June 30, 2015, total interest expense was $232,019, of which $55,808 was capitalized to fixed assets.	5,929,060	2,468,252

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 "Scott Street MOH Loan"). The loan was subsequently assigned to CHP Scott Street, L.P. A portion of the loan totaling $4,016,508 is 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. The accompanying 2014 Consolidated Statement of Financial Position has been restated to reflect the discounted note payable. Interest expense for the years ended June 30, 2015 and 2014 was $2,507 and $0, respectively. The outstanding principal balance as of June 30, 2015 and 2014 was $4,079,318 and $4,076,811, respectively, net of discount of $337,190 and $339,697, respectively.	4,079,318	4,076,811
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. 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. The entire principal and unpaid accrued interest is to be repaid in full in February 2068. Accrued interest at June 30, 2015 and 2014 was $565,921 and $335,354, respectively. Interest expense during the years ended June 30, 2015 and 2014 was $42,346 and $32,841, respectively, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended June 30, 2015 and 2014 was $230,567 and $224,005, 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 to from available cash flow. Unpaid interest and principal is payable at maturity in November 2066. Accrued interest as of June 30, 2015 and 2014 was $381,064 and $355,826, respectively. Deferred interest expense during the years ended June 30, 2015 and 2014 was $25,238.	841,263	841,263
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. 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 (completion not achieved as of June 30, 2015). If the partnership fails to gain control of the project, the note shall become due and payable.	557,429	-

10. Notes payable (continued)

	2015	2014
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	-
Total notes payable	$ 80,070,247	$ 76,012,712

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

Year Ending June 30,	
2016	$ 8,055,694
2017	62,299
2018	64,552
2019	66,890
2020	69,316
Thereafter	74,766,519
Total	$ 83,085,270

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, 2015 and 2014, the outstanding balance was $0. Advances on the credit line carry a variable interest rate equal to the prime rate plus 0.75%, subject to a 4% floor (4.0% at June 30, 2015 and 2014). The credit line is secured by all property and assets of CHP and matures on April 15, 2016. Interest expense during the years ended June 30, 2015 and 2014 was $10,542 and $719, respectively, and is included in program services expense on the accompanying consolidated statements of activities.

12. Deferred income

Deferred income includes $1,628,778 and $1,263,166, net of accumulated amortization of $180,200 and $135,974, related to the 40% profit portion of CHP's development fees as of June 30, 2015 and 2014, respectively. During the years ended June 30, 2015 and 2014, amortization to offset the depreciation expense related to the fee capitalized as real property totaled $44,226 and $34,980, respectively. The deferred income is amortized using the straight-line method over the estimated useful life of the underlying asset.

13. Temporarily restricted net assets

Temporarily restricted net assets consist of the following:

	June 30, 2014	Contributions	Released from Restrictions	June 30, 2015
Specific programs and time restrictions:				
Solutions SF	$ 12,910	$ -	$ (12,910)	$ -
CHP Fifth Street, LLC	42,827	15,000	(42,827)	15,000
Other specific programs and time restrictions	247,500	206,440	(247,500)	206,440
Subtotal	303,237	221,440	(303,237)	221,440
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	2,265,000	-	(725,000)	1,540,000
Subtotal	5,900,506	-	-	5,175,506
Total temporarily restricted net assets	$ 6,203,743	$ 221,440	$(1,028,237)	$ 5,396,946

	June 30, 2013	Contributions	Released from Restrictions	June 30, 2014
Specific programs and time restrictions:				
Solutions SF	$ 30,000	$ -	$ (17,090)	$ 12,910
CHP Fifth Street, LLC	-	42,827	-	42,827
Other specific programs and time restrictions	134,960	247,500	(134,960)	247,500
	164,960	290,327	(152,050)	303,237
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	2,265,000	-	-	2,265,000
	5,900,506	-	-	5,900,506
Total temporarily restricted net assets	$ 6,065,466	$ 290,327	$ (152,050)	$ 6,203,743

14. Island Bay Homes

CHP subleases the Island Bay Homes property from the Treasure Island Development Authority ("TIDA") (who leases it from the U.S. Department of Navy) for the purpose of overseeing the rehabilitation of the property to benefit eligible tenants. CHP is responsible for all costs related to the use of the premises, which consisted of 24 rental units as of June 30, 2007. On July 17, 2007, CHP took the leasehold possession of an additional 42 units on Treasure Island, which increased the Island Bay Homes unit count to 66 units at June 30, 2008. The first 23 tenants must qualify for Section 8 rental assistance, 8 tenants participate in the Shelter Plus Care Program, 33 tenants are subsidized through the LOSP program, and 2 units are reserved for site staff. 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.

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 cost 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.

In connection with the assumption of the sublease from Rubicon Villages, Inc., CHP also assumed certain assets and liabilities of the project resulting in an increase to the consolidated net assets of $1,319,941, which is reflected in the accompanying 2015 Consolidated Statement of Activities and Changes in Net Assets.

16. Commitments and contingencies

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 $400,000 was received from HUD and $365,000 was received from the Affordable Housing Program for rehabilitation of the Iroquois Hotel, and $344,000 was received from AHP for the rehabilitation of the Senator Hotel. Terms of these grants stipulate that the funds are recoverable by the City, MOH, CFB, FHLBSF or HUD in the event that certain specific covenants and restrictions of the awards are violated. These contributions are included in temporarily restricted net assets. During 2015, $725,000 of temporarily restricted net assets were released which represents Iroquois Hotel's satisfaction of the restrictions related to the $365,000 received from AHP and $360,000 of the $400,000 received from HUD.

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. 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.

CHP also entered into a lease agreement for its clinical services program in February 2012. The monthly base rent for the lease term was $2,897. The lease expired on October 31, 2013 and was not renewed.

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.

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

Year Ending June 30,		
2016	$	744,625
2017		757,672
2018		770,962
2019		786,603
2020		803,276

16. Commitments and contingencies (continued)

CHP has provided loan and operating deficit guarantees as well as indemnifications with regard to tax benefits projected for its affiliates and projects. CHP does not require any collateral or other security from its affiliates and projects related to these guarantees. Management believes that the likelihood of funding a material amount of any of the guarantees is remote. Summaries of these guarantees as of June 30, 2015 are as follows:

	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)
Total	$ 2,131,070	

	Tax Benefit Indemnifications	
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
Total	$ 70,622,492	

(1) The obligation shall terminate on the later of (i) the tenth (10th) anniversary of the date of achievement of breakeven operations, (ii) the fifth (5th) anniversary of the closing of or conversion to the permanent loan, or (iii) the date upon which the partnership achieves five consecutive calendar years during which there is 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 breakeven for at least three calendar years following stabilization as defined; and (ii) the balance in the operating reserve equals or exceeds $190,954.

(3) The guarantee shall only apply during any period 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.

16. 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 Mental Health Services Act (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 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. Operating deficit contributions shall be repayable, without interest, solely from available net cash flow or distributable cash as defined in the partnership agreement.

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

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

17. 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.

18. Union collective bargaining agreement

CHP entered into a three-year collective bargaining agreement ("CBA") with Service Employees International Union, Local 1021 ("SEIU"). The agreement became effective on June 30, 2012 and is required to remain in full force up to and including June 30, 2015. On June 30, 2015, CHP executed an updated CBA with SEIU, which is effective from July 1, 2015 up to and including June 30, 2019. Approximately 52% of the labor force at CHP is covered by the collective bargaining agreement.

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION - COMMUNITY HOUSING PARTNERSHIP ONLY
JUNE 30, 2015

	General	Solutions SF	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	5th Street Apartments	Total Community Housing Partnership
ASSETS								
Current assets								
Cash and cash equivalents	$ 111,882	$ 109,146	$ 65,212	$ 14,818	$ -	$ 119,659	$ -	$ 420,717
Receivables								
Government grants	433,774	-	-	-	-	-	42,599	476,373
Contract services	-	120,120	-	-	-	-	-	120,120
Related parties - current portion	561,326	9,623	-	-	-	-	-	570,949
Rent, subsidy, and others	-	-	12,658	13,557	38,040	173,012	55,004	292,271
Prepaid expenses and deposits	110,226	15,499	5,267	4,501	4,738	9,593	4,447	154,271
Total current assets	1,217,208	254,388	83,137	32,876	42,778	302,264	102,050	2,034,701
Notes receivables								
Related parties - net of current portion	1,473,727	-	-	-	-	-	66,963	1,540,690
Restricted deposits								
Replacement, operating and other reserves	954,096	-	520,703	544,807	195,145	16,903	306	2,231,960
Tenant security deposits	-	-	19,088	28,590	14,002	21,353	3,344	86,377
Development in progress	1,020	-	4,120	-	-	1,080	-	6,220
Fixed assets - net	280,997	-	5,811,274	4,021,711	4,090,083	1,530,318	201,706	15,936,089
Investment in other companies	2,562,431	-	-	-	-	-	-	2,562,431
Marketable securities	1,443	-	-	-	-	-	-	1,443
Total other assets	5,273,714	-	6,355,185	4,595,108	4,299,230	1,569,654	272,319	22,365,210
Total assets	$ 6,490,922	$ 254,388	$ 6,438,322	$ 4,627,984	$ 4,342,008	$ 1,871,918	$ 374,369	$ 24,399,911
LIABILITIES								
Current liabilities								
Accounts payable and accrued expenses	$ 929,206	$ 4,362	$ 23,858	$ 26,216	$ 26,149	$ 46,067	30,105	$ 1,085,963
Interest payable - current portion	-	-	18,038	-	-	-	-	18,038
Notes payable - current portion	-	-	-	55,208	4,918	-	-	60,126
Total current liabilities	929,206	4,362	41,896	81,424	31,067	46,067	30,105	1,164,127
Tenant security deposits	-	-	17,540	28,300	15,030	21,659	7,044	89,573
Related-party payable	136,157	196,589	24,824	58,094	35,406	36,700	98,474	586,244
Deferred income	-	8,037	11,692	-	-	-	-	19,729
Interest payable - net of current portion	-	-	2,230,136	1,008,251	1,815,000	372,783	-	5,426,170
Notes payable - net of current portion	225,000	-	5,642,222	2,243,348	1,535,534	997,409	-	10,643,513
Total non-current liabilities	361,157	204,626	7,926,414	3,337,993	3,400,970	1,428,551	105,518	16,765,229
Total liabilities	1,290,363	208,988	7,968,310	3,419,417	3,432,037	1,474,618	135,623	17,929,356
Net assets								
Unrestricted	4,994,119	45,400	(3,048,988)	(907,939)	(630,029)	397,300	223,746	1,073,609
Temporarily restricted	206,440	-	1,519,000	2,116,506	1,540,000	-	15,000	5,396,946
Total net assets	5,200,559	45,400	(1,529,988)	1,208,567	909,971	397,300	238,746	6,470,555
Total liabilities and net assets	$ 6,490,922	$ 254,388	$ 6,438,322	$ 4,627,984	$ 4,342,008	$ 1,871,918	$ 374,369	$ 24,399,911

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF FINANCIAL POSITION - COMMUNITY HOUSING PARTNERSHIP ONLY
JUNE 30, 2014

	General	Solutions SF	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	5th Street Apartments	Total Community Housing Partnership
ASSETS								
Current assets								
Cash and cash equivalents	$ 318,376	$ 66,526	$ -	$ 5,095	$ -	$ 55,254	$ 1,823	$ 447,074
Receivables								
Government grants	779,881	-	-	-	-	-	116,556	896,437
Contract services	-	129,211	-	-	-	-	-	129,211
Contributions	85,000	-	-	-	-	-	40,000	125,000
Related parties - current portion	518,768	30,000	11,000	18,000	26,000	12,000	-	615,768
Rent, subsidy, and others	43,282	-	163,380	40,617	39,394	126,545	51,283	464,501
Prepaid expenses and deposits	280,913	16,819	7,115	6,864	7,145	3,463	5,390	327,709
Total current assets	2,026,220	242,556	181,495	70,576	72,539	197,262	215,052	3,005,700
Notes receivables								
Related parties - net of current portion	1,013,250	27,278	-	8,805	-	15,539	25,000	1,089,872
Restricted deposits								-
Replacement, operating and other reserves	1,045,822	-	696,530	309,479	303,340	470,108	378	2,825,657
Tenant security deposits	-	-	16,360	23,498	13,705	21,345	6,342	81,250
Fixed assets - net	213,465	-	5,997,426	4,069,555	4,183,136	1,342,063	187,687	15,993,332
Investment in other companies	2,500,842	-	-	-	-	-	-	2,500,842
Marketable securities	1,659	-	-	-	-	-	-	1,659
Total other assets	4,775,038	27,278	6,710,316	4,411,337	4,500,181	1,849,055	219,407	22,492,612
Total assets	$ 6,801,258	$ 269,834	$ 6,891,811	$ 4,481,913	$ 4,572,720	$ 2,046,317	$ 434,459	$ 25,498,312
LIABILITIES								
Current liabilities								
Accounts payable and accrued expenses	$ 1,218,442	$ 341	$ 41,531	$ 26,238	$ 54,850	$ 67,654	$ 36,538	$ 1,445,594
Interest payable - current portion	-	-	18,038	-	-	-	-	18,038
Notes payable - current portion	-	-	-	53,354	4,679	-	-	58,033
Total current liabilities	1,218,442	341	59,569	79,592	59,529	67,654	36,538	1,521,665
Tenant security deposits	-	-	16,532	28,579	13,997	18,582	7,100	84,790
Related-party payable	63,939	148,600	45,828	4,867	58,080	85,710	128,048	535,072
Deferred income	1,062	43,861	-	-	-	-	-	44,923
Interest payable - net of current portion	-	-	1,992,521	955,751	1,725,000	349,543	-	5,022,815
Notes payable - net of current portion	175,000	-	5,642,222	2,300,825	1,540,439	997,409	-	10,655,895
Total non-current liabilities	240,001	192,461	7,697,103	3,290,022	3,337,516	1,451,244	135,148	16,343,495
Total liabilities	1,458,443	192,802	7,756,672	3,369,614	3,397,045	1,518,898	171,686	17,865,160
Net assets								
Unrestricted	5,095,315	64,122	(2,383,861)	(1,004,207)	(1,089,325)	527,419	219,946	1,429,409
Temporarily restricted	247,500	12,910	1,519,000	2,116,506	2,265,000	-	42,827	6,203,743
Total net assets	5,342,815	77,032	(864,861)	1,112,299	1,175,675	527,419	262,773	7,633,152
Total liabilities and net assets	$ 6,801,258	$ 269,834	$ 6,891,811	$ 4,481,913	$ 4,572,720	$ 2,046,317	$ 434,459	$ 25,498,312

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - COMMUNITY HOUSING PARTNERSHIP ONLY
FOR THE YEAR ENDED JUNE 30, 2015

	General	Solutions SF	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	5th Street Apartments	Total Community Housing Partnership
Change in unrestricted net assets								
Revenue and other support								
Government grants	$ 3,754,550	$ 212,152	$ -	$ -	$ -	$ -	$ 1,124,424	$ 5,091,126
Contributions - unrestricted	905,650	-	-	-	-	-	20,389	926,039
Contributions - restricted	206,440	-	-	-	-	-	15,000	221,440
In-kind contributions	181,739	-	-	-	-	-	4,037	185,776
Contract service income	-	1,380,524	-	-	-	-	-	1,380,524
Rent and subsidy income - net	-	-	976,477	740,225	834,386	899,347	69,336	3,519,771
Local Operating Subsidy Program grant	-	-	-	-	-	365,135	-	365,135
Developer fees	1,024,595	-	-	-	-	-	-	1,024,595
Related party fees	1,922,924	322,756	-	19,200	-	-	-	2,264,880
Loss from investments in other companies	11,589	-	-	-	-	-	-	11,589
Interest and other income	117,484	-	2,489	406,145	3,262	78,469	3,253	611,102
Investment loss	(14)	-	-	-	-	-	-	(14)
Total revenue and other support	8,124,957	1,915,432	978,966	1,165,570	837,648	1,342,951	1,236,439	15,601,963
Expenses								
Program services	4,721,427	1,947,064	1,157,259	884,263	880,790	1,305,077	1,210,040	12,105,920
Management and general	3,119,394	-	-	-	-	-	-	3,119,394
Fundraising	370,467	-	-	-	-	-	-	370,467
Total expenses before deferred interest, depreciation and amortization	8,211,288	1,947,064	1,157,259	884,263	880,790	1,305,077	1,210,040	15,595,781
Change in unrestricted net assets before deferred interest, depreciation and amortization	(86,331)	(31,632)	(178,293)	281,307	(43,142)	37,874	26,399	6,182
Deferred interest	-	-	237,615	52,500	90,000	23,240	-	403,355
Depreciation and amortization	55,925	-	249,219	132,539	132,562	144,753	50,426	765,424
Total deferred interest, depreciation and amortization	55,925	-	486,834	185,039	222,562	167,993	50,426	1,168,779
Change in net assets	(142,256)	(31,632)	(665,127)	96,268	(265,704)	(130,119)	(24,027)	(1,162,597)
Net assets, beginning of year	5,342,815	77,032	(864,861)	1,112,299	1,175,675	527,419	262,773	7,633,152
Net assets, end of year	$ 5,200,559	$ 45,400	$ (1,529,988)	$ 1,208,567	$ 909,971	$ 397,300	$ 238,746	$ 6,470,555

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

CONSOLIDATED SCHEDULE OF ACTIVITIES AND CHANGES IN NET ASSETS - COMMUNITY HOUSING PARNTERSHIP ONLY

FOR THE YEAR ENDED JUNE 30, 2014

	General	Solutions SF	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	5th Street Apartments	Total Community Housing Partnership
Change in unrestricted net assets								
Revenue and other support								
Government grants	$ 3,564,127	$ 280,750	$ -	$ -	$ -	$ -	$ 911,555	$ 4,756,432
Contributions - unrestricted	479,623	-	-	-	-	-	83,440	563,063
Contributions - restricted	247,500	-	-	-	-	-	42,827	290,327
In-kind contributions	156,072	-	-	-	-	-	-	156,072
Contract service income	326,387	1,174,441	-	-	-	-	-	1,500,828
Rent and subsidy income - net	-	-	945,327	762,399	851,298	787,648	24,494	3,371,166
Local Operating Subsidy Program grant	-	-	-	-	-	322,816	-	322,816
Developer fees	425,861	-	-	-	-	-	-	425,861
Related party fees	1,170,020	127,730	-	-	-	-	-	1,297,750
Loss from investment in other companies	204,619	-	-	-	-	-	-	204,619
Interest and other income	43,713	-	1,588	461	613	727	11	47,113
Income from investments	159	-	-	-	-	-	-	159
Total revenue and other support	6,618,081	1,582,921	946,915	762,860	851,911	1,111,191	1,062,327	12,936,206
Expenses								
Program services	3,942,559	1,505,756	1,059,013	692,377	855,552	1,110,715	824,554	9,990,526
Management and general	2,286,202	-	-	-	-	-	-	2,286,202
Fundraising	433,001	-	-	-	-	-	-	433,001
Total expenses before deferred interest, depreciation and amortization	6,661,762	1,505,756	1,059,013	692,377	855,552	1,110,715	824,554	12,709,729
Change in unrestricted net assets before deferred interest, depreciation and amortization, and gain on involuntary conversion	(43,681)	77,165	(112,098)	70,483	(3,641)	476	237,773	226,477
Deferred interest	-	-	237,633	52,500	90,000	23,240	-	403,373
Depreciation and amortization	48,676	-	240,231	124,878	125,078	35,852	-	574,715
Total deferred interest, depreciation and amortization	48,676	-	477,864	177,378	215,078	59,092	-	978,088
Gain on involuntary conversion	-	-	174,383	-	-	184,291	-	358,674
Change in net assets	(92,357)	77,165	(415,579)	(106,895)	(218,719)	125,675	237,773	(392,937)
Net assets, beginning of year	5,232,923	(133)	(449,282)	1,219,194	1,394,394	401,744	-	7,798,840
Capital adjustments	202,249	-	-	-	-	-	25,000	227,249
Net assets, end of year	$ 5,342,815	$ 77,032	$ (864,861)	$ 1,112,299	$ 1,175,675	$ 527,419	$ 262,773	$ 7,633,152

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES

SCHEDULES OF RELATED-PARTY RECEIVABLES -
COMMUNITY HOUSING PARTNERSHIP ONLY
JUNE 30, 2015 and 2014

Related-party receivables as of June 30, 2015 and 2014 are as follows:

	2015	2014
Developer fees		
Deferred	$ 526,076	$ 50,960
Non-deferred	561,326	514,130
Operating advances	1,024,237	1,140,550
Total	2,111,639	1,705,640
Less: current portion	(570,949)	(615,768)
Long-term portion	$ 1,540,690	$ 1,089,872

see report of independent auditors

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass Through Grantor / Program Title:	Federal CFDA No.	Federal Expenditures
U.S. Department of Housing and Urban Development:		
Community Development Block Grant Program:		
Pass-through awards:		
City and County of San Francisco, Mayor's Office of Housing, San Cristina Hotel	14.218	$ 2,116,506
City and County of San Francisco, Housing Development Grant	14.218	109,087
City and County of San Francisco, Workforce Development Grant	14.218	75,000
		2,300,593
Community Development Block Grant Program – Special Purpose Grant:		
Pass-through awards:		
City and County of San Francisco, Mayor's Office of Housing, Iroquois Hotel	14.254	1,500,000
Section 8 Program:		
Pass-through awards:		
San Francisco Housing Authority:		
Section 8 Housing Choice Vouchers – Island Bay	14.871	461,491
Section 8 Housing Choice Vouchers – CHP Villages	14.871	722,529
		1,184,020
Section 8 Program:		
Pass-through awards:		
San Francisco Housing Authority:		
Section 8 Moderate Rehabilitation – Lower Income Housing Assistance – Iroquois and Senator	14.856	1,351,180
Section 8 Moderate Rehabilitation – Single Room Occupancy – San Cristina	14.249	492,938
		1,844,118
Shelter Plus Care Program:		
Pass-through awards:		
City and County of San Francisco, Human Services Agency:		
Island Bay Homes – Project Based Rental Assistance	14.238	172,998

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Federal Grantor / Pass Through Grantor / Program Title:	Federal CFDA No.	Federal Expenditures
Supportive Housing Program:		
Pass-through awards:		
City and County of San Francisco, Department of Human Services:		
Homeless Employment Collaborative (HEC)	14.235	$ 84,343
Supportive Housing Employment Collaborative (SHEC)	14.235	124,051
Direct awards:		
Supportive Housing Program – Iroquois Capital Improvements	14.235	400,000
		608,394
Continuum of Care Program:		
Pass-through awards:		
City and County of San Francisco, Department of Human Services:		
Integrated Services Network (ISN) – Tenant Services	14.267	90,810
ISN – Job Training Program	14.267	164,917
Direct awards:		
Continuum of Care Program – 5th Street	14.267	643,770
Continuum of Care Program – Iroquois	14.267	152,251
		1,051,748
Total U.S. Department of Housing and Urban Development		8,661,871
Corporation for National and Community Service:		
Pass-through awards:		
REDF:		
Social Innovation Fund	94.019	212,152
Total Corporation for National and Community Service:		212,152
TOTAL FEDERAL AWARDS		$ 8,874,023

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015

Basis of Presentation

The accompanying schedule of expenditures of federal awards is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic consolidated financial statements.

Grants Outstanding

CHP had the following repayable grant balances outstanding as of June 30, 2015. 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 of expenditures of federal awards.

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

Loans

CHP had the following loan outstanding as of June 30, 2015. This loan requires continuing compliance, and this balance is included in the schedule of expenditures of federal awards.

Program Title	Federal CFDA Number	Amount Outstanding
Community Development Block Grant – Special Purpose Grant	14.254	1,500,000

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 statement of financial position as of June 30, 2015, and the related consolidated statements of activities and changes in net assets, and cash flows for the year then ended, and the related notes to the consolidated financial statements, and have issued our report thereon dated December 16, 2015.

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
December 16, 2015

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CERTIFIED PUBLIC ACCOUNTANTS

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133

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

Report on Compliance for Each Major Federal Program

We have audited Community Housing Partnership, a California nonprofit corporation, and affiliates' (the "Organization") compliance with the types of compliance requirements described in the OMB Circular A-133 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, 2015. 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 the requirements of laws, regulations, contracts, and grants 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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, 2015.

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 OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of 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 OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Novogradac & Company LLP

Walnut Creek, California
December 16, 2015

COMMUNITY HOUSING PARTNERSHIP AND AFFILIATES
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2015

Section I – Summary of Auditors' Results

Financial Statements

Type of auditor's report issued: Unqualified

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: Unqualified

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

Identification of major programs:	Name of Federal Program or Cluster
14.218	Community Development Block Grants/Entitlement Grants
14.254	Community Development Block Grants/Special Purpose Grants
14.249	Section 8 Moderate Rehabilitation Single Room Occupancy
14.871	Section 8 Housing Choice Vouchers

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

	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, 2015

Section II – Financial Statement Findings

None noted.

Section III – Federal Award Findings and Questioned Costs

No matters were reported.