

**Community Housing Partnership and Affiliates
dba HomeRise**

Consolidated Financial Statements and
Supplementary Information

December 31, 2024 and 2023

Community Housing Partnership and Affiliates dba HomeRise

Table of Contents

December 31, 2024 and 2023

	<u>Page</u>
Independent Auditors' Report	1
Consolidated Financial Statements	
Consolidated Statements of Financial Position	4
Consolidated Statements of Activities and Changes in Net Assets	6
Consolidated Statements of Functional Expenses	8
Consolidated Statements of Cash Flows	10
Notes to Consolidated Financial Statements	12
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	51
Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	53
Supplementary Information	
Consolidated Schedules of Financial Position - CHP Resident Services and Administration	56
Consolidated Schedules of Financial Position - CHP Property Operations	58
Consolidated Schedules of Activities and Changes in Net Assets - CHP Resident Services and Administration	60
Consolidated Schedules of Activities and Changes in Net Assets - CHP Property Operations	62
Schedule of Expenditures of Federal Awards	64
Notes to Schedule of Expenditures of Federal Awards	65
Schedule of Findings and Questioned Costs	66

Independent Auditors' Report

To the Board of Directors of
Community Housing Partnership dba HomeRise

Opinion

We have audited the consolidated financial statements of Community Housing Partnership dba HomeRise (the Organization), which comprise the consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Organization as of December 31, 2024, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

We did not audit the financial statements of the tax credit partnerships and Senator Hotel, which statements reflect total assets of \$299,828,000 as of December 31, 2024, and total revenues of \$19,158,000, and total expenses of \$48,432,000, of which \$14,038,000 represents impairment expense, for the year then ended. Those statements were audited by other auditors, whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the various subsidiaries, is based solely on the report of the other auditors.

Basis for Opinion

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

Prior Period Financial Statements

The financial statements of the Organization as of December 31, 2023 were audited by other auditors whose report, dated February 11, 2025, expressed an unmodified opinion on those statements.

Responsibilities of Management for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Organization's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

In performing an audit in accordance with *Government Auditing Standards*, we:

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

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

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and the accompanying 2024 consolidated supplementary information 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.

The 2023 supplementary information was subjected to the auditing procedures applied in the 2023 audit of the basic consolidated financial statements by other auditors, whose report on such information stated that it was fairly stated in all material respects in relation to the 2023 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 November 13, 2025 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Organization's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Organization's internal control over financial reporting and compliance.

Baker Tilly US, LLP

Minneapolis, Minnesota
November 13, 2025

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statement of Financial Position
December 31, 2024

	CHP Resident Services and Administration	CHP Property Operations	Subtotal	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 1,038,714	\$ 2,700,591	\$ 3,739,305	\$ -	\$ 3,739,305
Receivables, net:					
Government grants	3,168,031	-	3,168,031	-	3,168,031
Other grants and contributions	24,298	-	24,298	-	24,298
Related parties, current portion	2,821,219	44	2,821,263	(2,821,263)	-
Rent, subsidy and others	375	706,252	706,627	-	706,627
Prepaid expenses and deposits	858,902	582,494	1,441,396	-	1,441,396
Total current assets	7,911,539	3,989,381	11,900,920	(2,821,263)	9,079,657
Related-Party Receivable, Net of Current Portion	23,724,245	4,173,553	27,897,798	(27,897,798)	-
Restricted Deposits					
Replacement, operating and other reserves	255,595	25,953,216	26,208,811	-	26,208,811
Tenant security deposits	8,010	363,081	371,091	-	371,091
Development-in-Progress	-	46,254	46,254	-	46,254
Fixed Assets, Net	204,623	327,073,022	327,277,645	(7,365,241)	319,912,404
Right-of-Use Assets	242,429	2,332,235	2,574,664	-	2,574,664
Deferred Costs, Net	-	285,724	285,724	-	285,724
Investment in Other Companies	13,802,049	10,309,614	24,111,663	(24,111,663)	-
Total assets	<u>\$ 46,148,490</u>	<u>\$ 374,526,080</u>	<u>\$ 420,674,570</u>	<u>\$ (62,195,965)</u>	<u>\$ 358,478,605</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 2,369,994	\$ 3,018,886	\$ 5,388,880	2,663	\$ 5,391,543
Developer fee payable	-	2,655,908	2,655,908	(2,440,408)	215,500
Interest payable, current portion	-	24,146	24,146	-	24,146
Notes payable, net, current portion	-	310,373	310,373	-	310,373
Lease liabilities, current portion	307,091	11	307,102	-	307,102
Total current liabilities	2,677,085	6,009,324	8,686,409	(2,437,745)	6,248,664
Tenant Security Deposits	15,296	439,109	454,405	-	454,405
Deferred Income	-	530,755	530,755	-	530,755
Related Parties, Net of Current Portion	4,173,553	7,719,245	11,892,798	(11,892,798)	-
Interest Payable, Net of Current Portion		33,111,983	33,111,983	(370,970)	32,741,013
Notes Payable, Net of Current Portion	3,955,000	257,153,079	261,108,079	(16,005,000)	245,103,079
Total liabilities	<u>10,820,934</u>	<u>304,963,495</u>	<u>315,784,429</u>	<u>(30,706,513)</u>	<u>285,077,916</u>
Net Assets					
Net assets without donor restrictions:					
Controlling interest	35,327,556	3,246,835	38,574,391	(31,489,452)	7,084,939
Noncontrolling interest	-	63,640,750	63,640,750	-	63,640,750
Total net assets without donor restrictions	35,327,556	66,887,585	102,215,141	(31,489,452)	70,725,689
Net assets with donor restrictions	-	2,675,000	2,675,000	-	2,675,000
Total net assets	<u>35,327,556</u>	<u>69,562,585</u>	<u>104,890,141</u>	<u>(31,489,452)</u>	<u>73,400,689</u>
Total liabilities and net assets	<u>\$ 46,148,490</u>	<u>\$ 374,526,080</u>	<u>\$ 420,674,570</u>	<u>\$ (62,195,965)</u>	<u>\$ 358,478,605</u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statement of Financial Position
December 31, 2023

	CHP Resident Services and Administration	CHP Property Operations	Subtotal	Eliminations	Total
Assets					
Current Assets					
Cash and cash equivalents	\$ 929,948	\$ 5,697,996	\$ 6,627,944	\$ -	\$ 6,627,944
Receivables, net:					
Government grants	1,682,423	-	1,682,423	-	1,682,423
Contracted services	320,469	25,000	345,469	-	345,469
Related parties, current portion	18,073,224	4,740,413	22,813,637	(22,813,637)	-
Rent, subsidy and others	7,807	1,875,017	1,882,824	-	1,882,824
Prepaid expenses and deposits	1,170,061	787,015	1,957,076	-	1,957,076
Marketable securities	105,986	-	105,986	-	105,986
Total current assets	22,289,918	13,125,441	35,415,359	(22,813,637)	12,601,722
Related-Party Receivable, Net of Current Portion	12,725,970	2,425,151	15,151,121	(15,151,121)	-
Developer Fee, Net of Current Portion	2,537,183	-	2,537,183	(2,537,183)	-
Restricted Deposits					
Replacement, operating and other reserves	258,488	22,267,237	22,525,725	-	22,525,725
Tenant security deposits	8,153	292,303	300,456	-	300,456
Development-in-Progress	-	31,929,499	31,929,499	1,737,954	33,667,453
Fixed Assets, Net	233,730	313,385,929	313,619,659	(8,601,090)	305,018,569
Right-of-Use Assets	829,381	2,357,810	3,187,191	-	3,187,191
Deferred Costs, Net	-	328,147	328,147	-	328,147
Investment in Other Companies	10,108,156	11,462,433	21,570,589	(21,570,589)	-
Total assets	<u>\$ 48,990,979</u>	<u>\$ 397,573,950</u>	<u>\$ 446,564,929</u>	<u>\$ (68,935,666)</u>	<u>\$ 377,629,263</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 1,883,500	\$ 6,527,787	\$ 8,411,287	\$ 193,634	\$ 8,604,921
Related parties, current portion	7,854,419	13,960,551	21,814,970	(21,814,970)	-
Developer fee payable	-	2,406,149	2,406,149	(2,190,649)	215,500
Interest payable, current portion	-	582,168	582,168	-	582,168
Notes payable, net, current portion	225,000	28,869,741	29,094,741	(225,000)	28,869,741
Lease liabilities, current portion	621,748	11	621,759	-	621,759
Total current liabilities	10,584,667	52,346,407	62,931,074	(24,036,985)	38,894,089
Tenant Security Deposits	15,242	378,032	393,274	-	393,274
Deferred Income	(51,073)	1,317,396	1,266,323	-	1,266,323
Related Parties, Net of Current Portion	-	1,312,986	1,312,986	(1,312,986)	-
Interest Payable, Net of Current Portion	-	28,679,576	28,679,576	(270,970)	28,408,606
Notes Payable, Net of Current Portion	2,455,000	214,751,651	217,206,651	(14,881,000)	202,325,651
Lease Liabilities, Net of Current Portion	307,090	-	307,090	-	307,090
Total liabilities	<u>13,310,926</u>	<u>298,786,048</u>	<u>312,096,974</u>	<u>(40,501,941)</u>	<u>271,595,033</u>
Net Assets					
Net assets without donor restrictions:					
Controlling interest	35,680,053	13,334,256	49,014,309	(28,433,725)	20,580,584
Noncontrolling interest	-	82,434,646	82,434,646	-	82,434,646
Total net assets without donor restrictions	35,680,053	95,768,902	131,448,955	(28,433,725)	103,015,230
Net assets with donor restrictions	-	3,019,000	3,019,000	-	3,019,000
Total net assets	<u>35,680,053</u>	<u>98,787,902</u>	<u>134,467,955</u>	<u>(28,433,725)</u>	<u>106,034,230</u>
Total liabilities and net assets	<u>\$ 48,990,979</u>	<u>\$ 397,573,950</u>	<u>\$ 446,564,929</u>	<u>\$ (68,935,666)</u>	<u>\$ 377,629,263</u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2024

	CHP Resident Services and Administration	CHP Property Operations	Subtotal	Eliminations	Total
Change in Net Assets Without Donor Restrictions					
Revenue:					
Government grants and contracts	\$ 7,777,532	\$ 10,562,322	\$ 18,339,854	\$ (1,438,955)	\$ 16,900,899
Contributions	870,938	200,000	1,070,938	-	1,070,938
Contract service income	25,066	-	25,066	-	25,066
Rent and subsidy income, net	-	17,433,491	17,433,491	(23,724)	17,409,767
Developer fees	838,406	-	838,406	(838,406)	-
Related-party fees	2,072,239	-	2,072,239	(2,072,239)	-
Loss from investment in other companies	12,000	(1,494,608)	(1,482,608)	1,482,608	-
Interest and other income	1,275,393	1,009,790	2,285,183	(931,079)	1,354,104
Total revenue	12,871,574	27,710,995	40,582,569	(3,821,795)	36,760,774
Net assets released from restrictions	\$ -	\$ 344,000	344,000	-	344,000
Total revenue and net assets released from restrictions	12,871,574	28,054,995	40,926,569	(3,821,795)	37,104,774
Expenses:					
Program services	9,328,387	32,351,378	41,679,765	(4,465,997)	37,213,768
Management and general	3,600,683	-	3,600,683	-	3,600,683
Fundraising	265,895	-	265,895	-	265,895
Total expenses before deferred interest, depreciation and amortization, loss on disposal of assets and impairment loss	13,194,965	32,351,378	45,546,343	(4,465,997)	41,080,346
Change in net assets without donor restrictions restrictions before deferred interest, depreciation and amortization, loss on disposal of assets and impairment loss	(323,391)	(4,296,383)	(4,619,774)	644,202	(3,975,572)
Deferred interest	-	3,107,203	3,107,203	-	3,107,203
Depreciation and amortization	29,106	11,733,446	11,762,552	(336,301)	11,426,251
Impairment loss	-	14,038,118	14,038,118	-	14,038,118
Total deferred interest, depreciation and amortization, loss on disposal of assets and impairment loss	29,106	28,878,767	28,907,873	(336,301)	28,571,572
Total expenses	13,224,071	61,230,145	74,454,216	(4,802,298)	69,651,918
Change in net assets without donor restrictions	(352,497)	(33,175,150)	(33,527,647)	980,503	(32,547,144)
Change in Net Assets With Donor Restrictions					
Contributions	-	-	-	-	-
Releases from net assets with donor restrictions	-	(344,000)	(344,000)	-	(344,000)
Change in net assets with donor restrictions	-	(344,000)	(344,000)	-	(344,000)
Total change in net assets	(352,497)	(33,519,150)	(33,871,647)	980,503	(32,891,144)
Net Assets, Beginning					
Capital contributions, noncontrolling interest	-	271,000	271,000	-	271,000
Capital distributions, noncontrolling interest	-	(13,397)	(13,397)	-	(13,397)
Capital contributions, controlling interest	-	4,048,230	4,048,230	(4,048,230)	-
Capital distributions, controlling interest	-	(12,000)	(12,000)	12,000	-
Net Assets, Ending	\$ 35,327,556	\$ 69,562,585	\$ 104,890,141	\$ (31,489,452)	\$ 73,400,689
Reconciliation of Net Assets					
Controlling interest:					
Beginning of year					\$ 23,599,584
Transfer of interest - Hotel Essex					8,471,264
Changes in net assets					(22,310,909)
End of year					9,759,939
Noncontrolling interest:					
Beginning of year					82,434,646
Transfer of interest - Hotel Essex					(8,471,264)
Capital contributions					271,000
Capital distributions					(13,397)
Changes in net assets					(10,580,235)
End of year					63,640,750
Net assets, end of year					\$ 73,400,689

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statement of Activities and Changes in Net Assets

Year Ended December 31, 2023

	CHP Resident Services and Administration	CHP Property Operations	Subtotal	Eliminations	Total
Change in Net Assets Without Donor Restrictions					
Revenue:					
Government grants	\$ 6,501,067	\$ -	\$ 6,501,067	\$ 321,329	\$ 6,822,396
Contributions	2,426,810	-	2,426,810	139,857	2,566,667
Income from loan assumption	10,270,970	-	10,270,970	(93,425)	10,177,545
Contract service income	274,661	-	274,661	-	274,661
Rent and subsidy income, net	49,994	17,278,138	17,328,132	(21,516)	17,306,616
Operating subsidy grants	-	7,278,495	7,278,495	(344,058)	6,934,437
Developer fees	1,381,848	-	1,381,848	(1,381,848)	-
Related-party fees	2,737,664	-	2,737,664	(2,737,664)	-
Loss from investment in other companies	(796,122)	(287,079)	(1,083,201)	1,083,201	-
Interest and other income	148,165	385,572	533,737	-	533,737
Employee retention credit	3,777,308	-	3,777,308	-	3,777,308
Total revenue	26,772,365	24,655,126	51,427,491	(3,034,124)	48,393,367
Net assets released from restrictions	500,000	2,116,506	2,616,506	-	2,616,506
Total revenue and net assets released from restrictions	27,272,365	26,771,632	54,043,997	(3,034,124)	51,009,873
Expenses:					
Program services	8,229,712	33,302,485	41,532,197	(4,747,392)	36,784,805
Management and general	4,394,628	-	4,394,628	-	4,394,628
Fundraising	418,816	-	418,816	-	418,816
Total expenses before deferred interest, depreciation and amortization, loss on disposal of assets and impairment loss	13,043,156	33,302,485	46,345,641	(4,747,392)	41,598,249
Change in net assets without donor restrictions restrictions before deferred interest, depreciation and amortization, loss on disposal of assets and impairment loss	14,229,209	(6,530,853)	7,698,356	1,713,268	9,411,624
Deferred interest	-	2,641,439	2,641,439	-	2,641,439
Depreciation and amortization	29,165	11,913,727	11,942,892	(164,925)	11,777,967
Loss on disposal of assets	-	(52)	(52)	2,167,046	2,166,994
Impairment loss	-	3,080,147	3,080,147	-	3,080,147
Total deferred interest, depreciation and amortization, loss on disposal of assets and impairment loss	29,165	17,635,261	17,664,426	2,002,121	19,666,547
Total expenses	13,072,321	50,937,746	64,010,067	(2,745,271)	61,264,796
Change in net assets without donor restrictions	14,200,044	(24,166,114)	(9,966,070)	(288,853)	(10,254,923)
Change in Net Assets With Donor Restrictions					
Releases from net assets with donor restrictions	(500,000)	(2,116,506)	(2,616,506)	-	(2,616,506)
Change in net assets with donor restrictions	(500,000)	(2,116,506)	(2,616,506)	-	(2,616,506)
Total change in net assets	13,700,044	(26,282,620)	(12,582,576)	(288,853)	(12,871,429)
Net Assets, Beginning	21,980,009	49,701,890	71,681,899	(13,205,590)	58,476,309
Capital contributions, noncontrolling interest	-	60,227,698	60,227,698	-	60,227,698
Capital distributions, noncontrolling interest	-	(140,412)	(140,412)	-	(140,412)
Capital contributions, controlling interest	-	15,281,346	15,281,346	(14,939,282)	342,064
Net Assets, Ending	<u>\$ 35,680,053</u>	<u>\$ 98,787,902</u>	<u>\$ 134,467,955</u>	<u>\$ (28,433,725)</u>	<u>\$ 106,034,230</u>
Reconciliation of Net Assets					
Controlling interest:					
Beginning of year					\$ 16,985,423
Capital contributions					342,064
Changes in net assets					<u>6,272,097</u>
End of year					<u>23,599,584</u>
Noncontrolling interest:					
Beginning of year					41,490,886
Capital contributions					60,227,698
Capital distributions					(140,412)
Changes in net assets					<u>(19,143,526)</u>
End of year					<u>82,434,646</u>
Net assets, end of year					<u>\$ 106,034,230</u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statement of Functional Expenses

Year Ended December 31, 2024

	Program Services	Management and General	Fundraising	Subtotal	Eliminations	Total
Professional services and fees	\$ 722,182	\$ 512,745	\$ 130,214	\$ 1,365,141	\$ -	\$ 1,365,141
Office and administration costs	4,452,750	34,012	6,180	4,492,942	(931,079)	3,561,863
Repairs and maintenance	5,675,940	37,843	-	5,713,783	-	5,713,783
Occupancy and ground lease expense	894,154	304,756	-	1,198,910	(23,724)	1,175,186
Utilities	4,022,519	-	-	4,022,519	-	4,022,519
Real estate taxes, business licenses and permits	315,332	-	-	315,332	-	315,332
Tenant projects and activities	355,395	-	-	355,395	-	355,395
Insurance	4,623,814	94,782	-	4,718,596	-	4,718,596
Intercompany, indirect and company-wide costs	2,072,239	-	-	2,072,239	(2,072,239)	-
Interest and bank charges	6,152,470	-	-	6,152,470	-	6,152,470
Depreciation and amortization	11,883,545	-	-	11,883,545	(336,301)	11,547,244
Wages, benefits, payroll taxes and expenses	13,940,225	2,616,545	129,501	16,686,271	-	16,686,271
Grants to subsidiaries	1,438,955	-	-	1,438,955	(1,438,955)	-
Impairment loss	14,038,118	-	-	14,038,118	-	14,038,118
Total expenses	<u>\$ 70,587,638</u>	<u>\$ 3,600,683</u>	<u>\$ 265,895</u>	<u>\$ 74,454,216</u>	<u>\$ (4,802,298)</u>	<u>\$ 69,651,918</u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statement of Functional Expenses

Year Ended December 31, 2023

	Program Services	Management and General	Fundraising	Subtotal	Eliminations	Total
Professional fees	\$ 880,269	\$ 483,008	\$ 20,861	\$ 1,384,138	\$ -	\$ 1,384,138
Office and administration costs	2,442,794	83,243	16,335	2,542,372	(153,953)	2,388,419
Consulting and contract services	19,265	24,770	-	44,035	-	44,035
Repairs and maintenance	6,504,878	74,998	-	6,579,876	984,240	7,564,116
Occupancy and ground lease expense	890,492	195,260	-	1,085,752	(21,516)	1,064,236
Utilities	3,583,543	12,787	-	3,596,330	-	3,596,330
Real estate taxes, business licenses and permits	389,402	6,236	-	395,638	-	395,638
Tenant projects and activities	305,613	-	-	305,613	-	305,613
Insurance	2,920,541	31,502	-	2,952,043	-	2,952,043
Intercompany, indirect and company-wide costs	2,465,900	683	-	2,466,583	(2,466,583)	-
Interest and bank charges	8,220,523	80,408	-	8,300,931	(93,425)	8,207,506
Depreciation and amortization	11,913,727	29,165	-	11,942,892	(164,925)	11,777,967
Wages, benefits, payroll taxes and expenses	15,579,529	3,372,568	381,620	19,333,717	(829,109)	18,504,608
Impairment loss	3,080,147	-	-	3,080,147	-	3,080,147
Total expenses	<u>\$ 59,196,623</u>	<u>\$ 4,394,628</u>	<u>\$ 418,816</u>	<u>\$ 64,010,067</u>	<u>\$ (2,745,271)</u>	<u>\$ 61,264,796</u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Cash Flows From Operating Activities		
Change in net assets	(32,891,144)	(12,871,429)
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Interest expense, debt issuance costs	776,363	509,618
Amortization of discount	24,237	22,236
Depreciation and amortization	11,424,271	11,777,967
Loss on disposal of assets	-	2,166,994
Impairment loss	14,038,118	3,080,147
Non-cash operating lease activity	(9,220)	(149,328)
Income from loan assumption	-	(10,177,545)
(Increase) decrease in assets:		
Accounts receivable	11,760	2,758,687
Prepaid expenses and deposits and other assets	621,666	(963,366)
Increase (decrease) in liabilities:		
Accounts payable and accrued expenses	(3,213,378)	1,829,378
Deferred income	(735,568)	504,086
Tenant security deposits payable	61,131	89,711
Interest payable	3,774,385	2,892,383
Net cash provided by operating activities	<u>(6,117,379)</u>	<u>1,469,539</u>
Cash Flows From Investing Activities		
Purchases of fixed assets, including development-in-progress	(6,692,602)	(41,725,782)
Payment of tax credit fees	-	(57,669)
Net cash used in investing activities	<u>(6,692,602)</u>	<u>(41,783,451)</u>
Cash Flows From Financing Activities		
Capital contributions, noncontrolling interest	271,000	55,984,441
Capital distributions, noncontrolling interest	(13,397)	(140,412)
Payment of notes payable	(31,633,916)	(63,422,761)
Proceeds from notes payable	45,167,683	48,355,500
Payment of loan costs	(116,307)	(428,046)
Net cash provided by financing activities	<u>13,675,063</u>	<u>40,348,722</u>
Net change in cash, cash equivalents, and restricted cash	865,082	34,810
Cash, Cash Equivalents and Restricted Cash, Beginning	<u>29,454,125</u>	<u>29,419,315</u>
Cash, Cash Equivalents and Restricted Cash, Ending	<u><u>\$ 30,319,207</u></u>	<u><u>\$ 29,454,125</u></u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Statements of Cash Flows

Years Ended December 31, 2024 and 2023

	2024	2023
Reconciliation of Cash, Cash Equivalents and Restricted Cash		
Cash and cash equivalents	\$ 3,739,305	\$ 6,627,944
Restricted cash	26,337,635	22,826,181
Total cash, cash equivalents and restricted cash	<u>\$ 30,076,940</u>	<u>\$ 29,454,125</u>
Supplemental Disclosure of Cash Flow Information		
Interest capitalized to fixed assets	<u>\$ 2,150,610</u>	<u>\$ 1,427,881</u>
Cash paid for interest expense	<u>\$ 2,081,054</u>	<u>\$ 6,121,486</u>
Supplemental Disclosure of Noncash Activities		
Increase in capital contributions from investment and developer fee receivable	<u>\$ -</u>	<u>\$ 4,585,321</u>

See notes to consolidated financial statements

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

1. Organization

Community Housing Partnership and Affiliates (CHP or Organization) is a California non-profit public benefit corporation first incorporated in March 1990. In 2020, CHP began doing business as, HomeRise. HomeRise is dedicated to transforming the lives of individuals and families who are formerly homeless or at risk of homelessness in San Francisco and the greater Bay Area. Through a comprehensive approach that integrates permanent supportive housing, tailored services and advocacy, HomeRise fosters stability, security and a sense of belonging for those it serves. 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. During 2024, Solutions SF ceased operations.

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.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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

Limited Liability Companies

CHP Essex LLC
CHP Eddy LLC
CHP San Cristina LLC
CHP Scott Street
CHP Ellis LLC
CHP Arendt LLC
CHP Fulton Street LLC
CHP 666 RAD LLC
CHP 1750 RAD LLC
Folsom Essex LLC
Mission Bay 9 CHP LLC
CHP Colton LLC

Limited Partnerships

Hotel Essex, LP
650 Eddy, LP
San Cristina, LP
CHP Scott Street, LP
473 Ellis, LP
Arendt House, LP
365 Fulton, LP
666 Ellis, LP
1750 McAllister, LP
25 Essex, LP
Mission Bay 9, LP
53 Colton, LP

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

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

CHP is the sole member of CHP Civic Center LLC, which was formed to lease rentable space at Civic Center Hotel (see Note 9) and develop an on-site Navigation Center to provide supportive services and help tenants transition to permanent housing. In July 2024, CHP Civic Center, LLC also acquired the Hotel Essex, LP's Limited Partnership interest.

2. Summary of Significant Accounting Policies and Nature of Operations

Basis of Accounting

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

Principles of Consolidation

The consolidated financial statements include the accounts of CHP 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.

Noncontrolling Interest

The noncontrolling interest represents the aggregate balance of limited partner equity interests in each of the Limited Partnership entities. The aggregate balance of the limited partners' interest is shown in net assets without donor restrictions.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Investments in Other Companies

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

Financial Statement Presentation

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

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

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

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

Cash and Cash Equivalents

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

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

Concentration of Credit Risk

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

Accounts Receivable and Contributions Receivable

Accounts receivable is stated at the net amount management expects to collect from outstanding balances. Management closely monitors outstanding balances and provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that remain outstanding after management has used reasonable collection efforts are generally written off through a charge to the valuation allowance and a credit to the related receivable account. As of December 31, 2024 and 2023, the balance of the allowance for doubtful accounts was \$2,481,667 and \$2,816,668, respectively.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Fixed Assets and Depreciation

Purchased fixed assets are stated at cost. The cost associated with the development and the construction of real property is capitalized. Newly purchased, acquired, constructed or donated fixed assets are capitalized if they have an expected useful life greater than one year and have a value of \$5,000 or more. Building improvements, upgrades or repairs are capitalized if they have a value of \$5,000 or more and they extend the useful life of an existing asset by more than one year. When fixed assets are retired or otherwise disposed, the cost of the fixed asset and the related accumulated depreciation are removed from the accounts and any resulting gains or losses are reflected in the consolidated statements of activities.

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

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

Impairments of Long-Lived Assets

The Organization reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the asset to the future net undiscounted cash flows expected to be generated and any estimated proceeds from the eventual disposition. If the long-lived assets are considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the asset exceeds the fair value as determined from an appraisal, discounted cash flow analysis or other valuation technique.

In 2024, 25 Essex, L.P. and Hotel Essex, L.P., current year operations or cash flow loss combined with a history of operations or cash flow losses may indicate that impairment exists. The Organization determined that 25 Essex, L.P.'s and Hotel Essex, L.P.'s sum of estimated undiscounted cash flows from the long-lived assets were less than their carrying amounts. Management reviewed and approved the calculations and determined that the Projects were impaired and should be written down. For the year ended December 31, 2024 the Organization recognized impairment loss of \$11,833,589 relating to the 25 Essex, L.P. property and \$2,204,529 relating to the Hotel Essex, L.P. property. See fair value measurements below.

In 2023, Senator Hotel's current year operations or cash flow loss combined with a history of operations or cash flow losses may indicate that impairment exists. The Organization determined that Senator Hotel's sum of estimated undiscounted cash flows from the long-lived assets is less than the carrying amount. Management reviewed and approved the calculation and determined that Senator Hotel is impaired and should be written down. For the year ended December 31, 2023, the Organization recognized impairment loss of \$3,080,147. See fair value measurements below.

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 reporting entity's own data.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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).

An asset'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.

Certain of these fair value measurements are based on significant unobservable inputs classified within Level 3 of the valuation hierarchy. When a determination is made to classify a fair value measurement within Level 3 of the valuation hierarchy, the determination is based upon the significance of the unobservable factors to the overall fair value measurement. However, Level 3 fair value measurement typically include, in addition to the unobservable or Level 3 components, observable components that can be validated to observable external sources; accordingly, the fair values in the below are due in part to observable factors that are part of the valuation methodology.

Nonrecurring fair value measurements as of December 31, 2024:

	<u>Level 3</u>
25 Essex, L.P. fixed assets net	\$ 15,000,000
Hotel Essex, L.P. fixed assets net	6,222,575

Nonrecurring fair value measurements as of December 31, 2023:

	<u>Level 3</u>
Senator Hotel fixed assets, net	\$ 785,502

Development-in-Progress

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

Deferred Costs and Amortization

Deferred costs are comprised of tax credit fees, which are amortized on a straight-line basis over the respective tax credit compliance period. The balance of deferred tax credit fees as of December 31, 2024 and 2023 was \$285,724 and \$328,147, respectively. The related amortization expense for the years ended December 31, 2024 and 2023 was \$42,423 and \$43,771, respectively.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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 entities separate from its owner.

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

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

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.

Economic Concentrations

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

Development Fees

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

Developer fee profits recognized from subsidiaries are eliminated as intercompany transactions. Prior to January 1, 2024, CHP estimated 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 nonreimbursed 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. Beginning January 1, 2024, CHP began to eliminate 100% of the developer fee revenue as there was no longer an internal development department. All developer fees earned and receivable in 2023 and 2024 are due from consolidated entities; thus all revenue and receivable amounts have been eliminated in the consolidated financial statements.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

Revenue Recognition

Contract service revenue is derived from contracts with customers and is recognized when performance obligations are met. Additionally, revenue resulting from special events, fees charged by the Organization and other revenue is recognized at the point in time services are performed.

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

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

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 December 31, 2024 and 2023, the value of volunteer services totaled \$0.

Donated Assets - Donated assets are recorded at fair value on the date of donation. The Organization did not receive any donated assets during the year ended December 31, 2024. During 2023, Market Street 1629 Ventures, LP assigned a note receivable in the amount of \$10,000,000 and interest receivable of \$177,545 to the Organization. The Organization recognized income from loan assumption in the amount of \$10,177,545 and was included in the consolidated statements of activities and changes in net assets.

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.

Functional Expenses

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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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

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

Leases

The Organization determines if an arrangement is a lease at inception. An arrangement is a lease if the arrangement conveys a right to direct the use of and to obtain substantially all of the economic benefits from the use of an asset for a period of time in exchange for consideration. The Organization recognizes assets and liabilities that arise from leases on the balance sheet. At lease inception, leases are classified as either finance leases or operating leases. All of the Organization's leases are operating leases.

Operating lease right-of-use assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. The Organization uses the risk-free rate at the commencement date in determining the present value of lease payments.

The operating lease right-of-use asset also includes any lease payments made and excludes lease incentives. The lease terms may include options to extend or terminate the lease when it is reasonably certain that the Organization will exercise that option. The Organization's lease agreements do not contain any material residual value guarantees or material restrictive covenants. Lease expense for lease payments is recognized on a straight-line basis over the non-cancelable lease term.

Topic 842 provides for several optional practical expedients. The Organization elected the following (1) The package of practical expedients permitted under the transition guidance which does not require the Organization to reassess prior conclusions regarding whether contracts are or contain a lease, lease classification and initial direct lease costs. (2) The practical expedient to use hindsight in determining the lease term (that is, when considering options to extend or terminate the lease or to purchase the underlying asset) and in assessing impairment of the Organization's right-of-use assets.

Subsequent Events

Subsequent events have been evaluated through November 13, 2025, which is the date the financial statements were approved and available to be issued, and there are no subsequent events requiring disclosure.

Reclassifications

Certain reclassifications have been made to the prior period financial statements to conform to the current year presentation. None of the reclassifications made changed net assets or the change in net assets as previously reported.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

3. Restricted Cash

The Organization is required by certain loan and regulatory agreements to maintain separate replacement reserves, operating reserves and other reserve accounts, withdrawals from which normally require prior approval from the lenders or regulatory agencies. The Organization's restricted cash, in part, consisted of the following as of December 31, 2024 and 2023 as shown in the tables below:

	December 31, 2024				
	Replacement Reserves	Operating Reserves	Other Reserves	Subsidy Reserves	Total
Senator Hotel	\$ 177,482	\$ 355,284	\$ 1,065	\$ -	\$ 533,831
San Cristina, LP	223,050	932,771	1,157,486	-	2,313,307
Iroquois Hotel	815,534	320,579	-	-	1,136,113
Island Bay Homes	35,943	430,473	836	735	467,987
Hotel Essex, LP	572,604	315,984	-	11,266	899,854
650 Eddy, LP	536,417	634,093	-	11,027	1,181,537
Arendt House, LP	366,165	231,634	-	60,654	658,453
473 Ellis, LP	275,985	271,527	-	3,585,950	4,133,462
365 Fulton, LP	795,168	551,349	-	84,572	1,431,089
CHP Scott Street, LP	282,258	439,129	-	21,332	742,719
CHP Villages	103,488	5,014,930	-	-	5,118,418
25 Essex, LP	629,001	858,215	1,002	108,852	1,597,070
666 Ellis, LP	411,602	186,752	355,178	-	953,532
1750 McAllister	-	809,550	491,802	-	1,301,352
Mission Bay 9, LP	142,765	971,895	1,043,469	100	2,158,229
53 Colton, LP	54,536	745,873	526,489	100	1,326,998
Total	<u>\$ 5,421,998</u>	<u>\$ 13,070,038</u>	<u>\$ 3,577,327</u>	<u>\$ 3,884,588</u>	<u>\$ 25,953,951</u>

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	December 31, 2023				
	Replacement Reserves	Operating Reserves	Other Reserves	Subsidy Reserves	Total
Senator Hotel	\$ 164,030	\$ 346,701	\$ 601	\$ -	\$ 511,332
San Cristina, LP	33,925	8,166	592	-	42,683
Iroquois Hotel	844,765	312,826	-	-	1,157,591
Island Bay Homes	184,126	325,006	722	-	509,854
Hotel Essex, LP	453,740	343,191	-	7,702	804,633
650 Eddy, LP	441,686	438,813	255,876	4,180	1,140,555
Arendt House, LP	331,135	226,032	-	52,398	609,565
473 Ellis, LP	245,323	3,806,023	-	-	4,051,346
365 Fulton, LP	672,301	483,708	54,310	76,109	1,286,428
CHP Scott Street, LP	225,466	137,943	-	13,245	376,654
CHP Villages	117,390	4,927,577	-	-	5,044,967
25 Essex, LP	488,300	738,182	170,806	98,311	1,495,599
666 Ellis, LP	376,594	365,835	353,800	-	1,096,229
1750 McAllister	-	840,665	527,128	-	1,367,793
Civic Center	19,938	-	-	-	19,938
Mission Bay 9, LP	250,130	952,903	658,585	100	1,861,718
53 Colton, LP	16,100	794,090	100,000	100	910,290
Total	<u>\$ 4,864,949</u>	<u>\$ 15,047,661</u>	<u>\$ 2,122,420</u>	<u>\$ 252,145</u>	<u>\$ 22,287,175</u>

In addition to the reserves in the tables above, the Organization maintains a corporate reserve, supplemental reserve and other reserve, the use of which is restricted by certain loan agreements. The balance of the corporate reserve as of December 31, 2024 and 2023 was \$243,002 and \$228,405, respectively. The balance of the supplemental reserve as of December 31, 2024 and 2023 was \$0 and \$10,145, respectively. The balance of the other reserve as of December 31, 2024 and 2023 was \$12,593 and \$105,896, respectively. The Organization is also required to hold tenant security deposits in a separate bank account in the name of each project. Tenant security deposits as of December 31, 2024 and 2023 were \$371,091 and \$300,456, respectively.

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

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

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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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. By agreement with the City, CHP set up a separate subsidy reserve in the initial amount of \$128,440. The subsidy reserve was established to supplement anticipated future negative cash flows at the project and requires CHP to fund the subsidy reserve annually if the balance of the operating checking account is greater than one-sixth of prior year's operating expenses, in an amount equal to the difference thereof.

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

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

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

473 Ellis, LP - 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, LP and the City requires the minimum operating reserve balance to be equal to 25% of the prior year's project expenses, as defined, with monthly deposits equal to one-twelfth of 3% of the prior year's actual project expenses until the minimum balance is funded. HCD also requires a supplemental operating reserve in order to fund operating deficits throughout the term of the project's HCD loan.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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

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

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

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

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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

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

Mission Bay 9, LP - In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in the amount equal to \$500 per unit per year. The partnership must also establish and maintain an operating reserve with a balance of \$952,212, with any withdrawals from the reserve to be replaced in full prior to certain other uses of available cash. The partnership agreement and loan agreements also require a land settlement reserve in the amount of \$250,000. The timing of the funding of these reserves depends on certain events in accordance with the partnership agreement. Additional reserves are required in accordance with the partnership's loan agreements.

53 Colton, LP - In accordance with the partnership agreement and the lenders' regulatory agreements, the replacement reserve is required to be funded in an annual amount of \$48,000 through equal monthly deposits. The partnership must also establish and maintain an operating reserve with a balance of \$793,990, with any withdrawals from the reserve to be replaced in full prior to certain other uses of available cash. The partnership agreement and loan agreements also require an insurance reserve in the initial funding amount of \$100,000. The timing of the funding of these reserves depends on certain events in accordance with the partnership agreement. Additional reserves are required in accordance with the partnership's loan agreements.

4. Contributions and Grants Receivable

Contributions and grants receivable as of December 31, 2024 and 2023, which represent amounts expected to be received in less than one year, consisted of the following:

	2024	2023
Federal grant receivable	\$ 3,168,031	\$ 1,682,423
Other contributions and grants	24,298	345,469
Total	<u>\$ 3,192,329</u>	<u>\$ 2,027,892</u>

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

5. Fixed Assets

Fixed assets as of December 31, 2024 and 2023 consisted of the following:

	2024	2023
Land	\$ 6,242,766	\$ 6,234,849
Buildings and building improvements	399,353,405	377,042,474
Land improvements	2,401,092	3,119,185
Furniture, fixtures and equipment	8,744,173	6,962,617
Leasehold improvements	9,146,045	8,317,348
Total fixed assets	425,887,481	401,676,473
Less accumulated depreciation	(105,975,077)	(96,657,904)
Total	319,912,404	305,018,569
Development-in-progress	\$ 46,254	\$ 33,667,453

Depreciation expense during the years ended December 31, 2024 and 2023 was \$11,383,828 and \$11,734,196 respectively, which is shown net of deferred developer fee amortization of \$336,301 and \$164,925, respectively.

6. Developer Fee Payable

CHP has entered into a development agreement with 25 Essex, LP. The agreement provides for a developer fee in the amount of \$1,200,000 for services in connection with the development of Rene Cazenave Apartments, with \$600,000 payable to CHP and \$600,000 payable to MCB Family Housing, Inc., an affiliate of Bridge Housing Corporation (Bridge). As of December 31, 2024 and 2023, developer fee payable to MCB Family Housing, Inc. was \$13,650.

Pursuant to the development agreement for Arendt House, L.P., Tenderloin Neighborhood Development Corporation, a former general partner of the partnership, earned a specified percentage of the total developer fee of \$1,200,000. As of December 31, 2024 and 2023, the developer fee payable was \$850.

Pursuant to the development agreement for Mission Bay 9, LP, CHP shall serve as the co-developer for the Mission Bay project along with Bridge, with the developer fee to be split evenly between CHP and Bridge. For the years ended December 31, 2024 and 2023, Bridge earned developer fees of \$0 and \$1,413,518, respectively. As of December 31, 2024 and 2023, the balance of developer fee payable to Bridge was \$151,000.

Pursuant to the development agreement for 53 Colton, LP, CHP shall serve as the co-developer for 53 Colton along with Strada Brady, LLC. For the years ended December 31, 2024 and 2023, Strada Brady, LLC earned developer fees of \$0 and \$733,333, respectively. As of December 31, 2024 and 2023, the balance of developer fee payable to Strada Brady, LLC was \$50,000.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

7. Notes Payable

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

	<u>2024</u>	<u>2023</u>
<u>CHP Loans:</u>		
<u>Community Housing Partnership</u>		
During 2017, CHP and Bank of America California, N.A. executed a loan under the Affordable Housing Program in the principal amount of \$970,000. CHP, in turn, made a loan of equal amount to 1750 McAllister, LP. The loan bears no interest and is secured by a subordinate deed of trust in the housing project. The loan is forgivable after 15 years from the date the project's rehabilitation was completed, which occurred during the year ended June 30, 2019, provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on October 1, 2072.	\$ 970,000	\$ 970,000
During 2018, CHP and Bank of America California, N.A. executed a loan under the Affordable Housing Program in the principal amount of \$1,485,000. CHP, in turn, made a loan of equal amount to 666 Ellis, LP. The loan bears no interest and is secured by a subordinate deed of trust in the housing project. The loan is forgivable after 15 years from the date the project's rehabilitation was completed, which occurred during the year ended June 30, 2018, provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on October 1, 2072.	1,485,000	1,485,000
On August 11, 2020, CHP and Wells Fargo National Bank West executed a loan under the Affordable Housing Program in the principal amount of \$1,500,000. CHP, in turn, made a loan of equal amount to Mission Bay 9, LP. The loan bears no interest and is secured by a subordinate deed of trust in the housing project. The loan is forgivable after 15 years from the date the project's rehabilitation was completed, which occurred during the year ended September 2022, provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on August 11, 2075.	1,500,000	1,500,000

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>Senator Hotel</u>		
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 December 31, 2024 and 2023 was \$2,013,959 and \$1,903,156, respectively. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$110,803.	\$ 4,294,690	\$ 4,294,690
Senator Hotel obtained a permanent loan from the Redevelopment Agency of the City and County of San Francisco. On March 11, 2003, the loan was amended to reflect a principal balance of \$907,037. The permanent loan bears interest at 8% compounded annually. On September 15, 2006, an additional \$440,495 of indebtedness was added to the deed of trust. The additional amount represents accrued interest 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 December 31, 2024 and 2023 was \$2,888,031 and \$2,643,188, respectively. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$244,843.	1,347,532	1,347,532
Senator Hotel executed a loan with the City and County of San Francisco in the maximum principal amount of \$262,975 in order to replenish the project's operating reserve. The loan is secured by a deed of trust on the project. The loan bears contingent interest at a rate of 3% and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. Otherwise, all unpaid principal and interest is payable upon maturity, 55 years from the execution of the loan, on July 17, 2072. For the years ended December 31, 2024 and 2023, no interest was incurred or paid.	239,036	239,036

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>San Cristina Hotel</u>		
On February 11, 1992, CHP, on behalf of San Cristina Hotel, obtained a loan from HCD's California Housing Rehabilitation Program (CHRP) in the amount of \$1,750,000. On August 31, 2022, the loan was amended wherein \$1,381,988 of accrued interest was converted to principal and the loan was assumed by the Partnership. Interest accrues at a rate of 3% per annum on the original loan of \$1,750,000 only. No payments are due until maturity. The loan is due on February 13, 2077, but can be deferred upon approval of the lender. Accrued interest as of December 31, 2024 and 2023 was \$122,680 and \$70,180, respectively, of which \$83,417 has been capitalized to fixed assets as of December 31, 2024. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$52,500.	\$ 3,131,988	\$ 3,131,988
On October 21, 2024, San Cristina, L.P. executed a loan with HCD under the Supportive Housing Multifamily Housing Program (SHMHP) in the principal amount of \$8,143,953. The loan bears interest at 3% interest per annum and is secured by a deed of trust in the Project. Payments of interest only are due annually in an amount equal to 0.42% of the outstanding principal balance during the first 30 years of the loan. Thereafter, loan payments shall be equal to the lesser of the accrued interest in the preceding twelve-month period, or the amount determined by HCD as a necessary to cover the costs of monitoring the Project. Additional payments are due to the extent of surplus cash in accordance with the HCD regulatory agreement. All unpaid principal and accrued interest are due at maturity on December 24, 2079. As of December 31, 2024 and 2023, accrued interest was \$5,429 and \$0 respectively. Interest expense for the period ended December 31, 2024 and 2023, was \$5,429 and \$0, respectively.	8,143,953	-
On October 21, 2024, San Cristina, L.P. executed a loan with HCD under the California Housing Accelerator Program (ACC) in the principal amount of \$24,242,000. The loan bears no interest and is secured by a deed of trust in the Project. The loan is forgivable on December 24, 2044, provided the Partnership complies with the HCD regulatory agreement for the full term of the ACC loan.	24,242,000	-
On July 15, 2022, San Cristina, L.P. executed a loan with Century Housing Corporation under the Affordable Housing Program in the principal amount of \$750,000. The loan bears no interest and is secured by a subordinate deed of trust in the housing project. The loan is forgivable after 55 years from the date the project's rehabilitation was completed, provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on July 15, 2077.	750,000	750,000

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
On January 10, 2018, CHP, on behalf of San Cristina Hotel, executed a loan in the maximum principal amount of \$450,000 with the City and County of San Francisco, as funded by HUD's CDBG program, in order to rehabilitate the San Cristina Hotel. The loan is secured by a deed of trust in the project. On August 10, 2022, the loan was amended and restated and assumed by San Cristina, LP. The loan bears simple interest at a rate of 3% per annum and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. All unpaid principal and interest is payable on August 1, 2077. Subsequently, on February 20, 2024, the Partnership and CCSF amended and restated the promissory notes related to the Predevelopment Loan, Affordable Housing Bond Program Loan and the CDBG Loan. These changes consolidated and clarified the terms of the loans.	\$ -	\$ 450,000
CHP, on behalf of San Cristina Hotel, executed a loan with the City and County of San Francisco in the maximum principal amount of \$197,530 in order to replenish the project's operating reserve. On August 10, 2022, the loan was amended and restated and assumed by San Cristina, LP. The loan is secured by a deed of trust on the project. The loan bears contingent interest at a rate of 3% and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. All unpaid principal and interest is payable on August 1, 2077. Subsequently, on February 20, 2024, the Partnership and CCSF amended and restated the promissory notes related to the Predevelopment Loan, Affordable Housing Bond Program Loan and the CDBG Loan. These changes consolidated and clarified the terms of the loans.	-	197,530
CHP, on behalf of San Cristina Hotel, executed a forgivable loan in the maximum principal amount of \$2,116,506 with the City and County of San Francisco, as funded by HUD's CDBG program, in order to rehabilitate the San Cristina Hotel. On August 10, 2022, the forgivable loan was amended and assumed by San Cristina, LP. The loan is secured by a deed of trust in the project. The loan bears simple interest at a rate of 3% per annum and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. All unpaid principal and interest is payable on August 1, 2077. Subsequently, on February 20, 2024, the Partnership and CCSF amended and restated the promissory notes related to the Predevelopment Loan, Affordable Housing Bond Program Loan and the CDBG Loan. These changes consolidated and clarified the terms of the loans.	-	2,116,506

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
On February 20, 2024, San Cristina L.P. and CCSF amended and restated the promissory notes related to the Predevelopment Loan, Affordable Housing Bond Program Loan and the CDBG Loan. The CDBG Loan and Predevelopment Loan was increased by \$1,993,694 for a total CDBG loan of \$4,560,200. The CDBG Loan and the previous Affordable Housing Bond Program Loan were consolidated into the total loan amount of \$4,757,730 (the CCSF Consolidated Loan). The CCSF Consolidated Loan bears interest at a rate of 3% per annum and is payable only to the extent of residual receipts as defined in the loan agreement. Principal repayments are also contingent on sufficient residual receipts. All unpaid principal and interest is payable on August 1, 2077. As of December 31, 2024 and 2023, accrued interest was \$185,797 and \$0, respectively. For the year ended December 31, 2024 and 2023, interest expense was \$185,797 and \$0, respectively, of which \$87,522 was capitalized to fixed assets and \$98,275 was expensed.	\$ 4,757,730	\$ -
On February 20, 2024, San Cristina L.P. executed a loan with CCSF under the terms of the Amended and Restated Loan Agreement dated August 10, 2022, in the principal amount of \$4,886,616. The loan bears interest at a rate of 3.87289% per annum, compounded monthly, and is secured by a deed of trust in the Project. All unpaid principal and interest is payable on March 1, 2074. As of December 31, 2024, the outstanding principal balance was \$4,886,616. As of December 31, 2024 and 2023, accrued interest was \$141,940 and \$0, respectively. Interest expense for the year ending December 31, 2024 and 2023, was \$141,940 and \$0, respectively.	4,886,616	-
On February 20, 2024, San Cristina, L.P. executed a loan with CCSF under the terms of the Amended and Restated Loan Agreement dated August 10, 2022, in the principal amount of \$2,696,064. The loan bears interest at a rate of 0.95763% per annum, compounded monthly, and is secured by a deed of trust in the Project. All unpaid principal and interest is payable on March 1, 2074. As of December 31, 2024 and 2023, accrued interest was \$21,802 and \$0, respectively. Interest expense for the year ending December 31, 2024 and 2023, was \$21,802 and \$0, respectively.	2,696,064	-
On February 20, 2024, San Cristina, L.P. executed a loan with CCSF under the terms of the Amended and Restated Loan Agreement dated August 10, 2022, in the principal amount of \$2,696,064. The loan bears interest at a rate of 0.95763% per annum, compounded monthly, and is secured by a deed of trust in the Project. All unpaid principal and interest is payable on March 1, 2074. As of December 31, 2024 and 2023, accrued interest was \$3,228 and \$0, respectively. Interest expense for the year ending December 31, 2024 and 2023, was \$3,228 and \$0, respectively.	441,320	-

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
On August 31, 2022, San Cristina, L.P. executed a construction loan with Merchants Bank of Indiana in the principal amount of \$35,657,570, secured by a deed of trust on the project. The loan accrued interest at a rate of 5.77%. The loan matured on September 10, 2024. On December 24, 2024, the construction loan was fully repaid. As of December 31, 2024 and 2023, accrued interest was \$0 and \$196,991, respectively. Interest capitalized into fixed assets related to this loan (since inception) totaled \$1,979,671.	\$ -	\$ 28,571,497

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. Interest payments of \$0 and \$42,866 were made for the years ended December 31, 2024 and 2023, respectively. Provided that no event of default occurs, any remaining obligation will be forgiven upon maturity on April 20, 2070. Accrued interest as of December 31, 2024 and 2023 was \$2,262,723 and \$2,172,723, respectively. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$90,000.	1,500,000	1,500,000
---	-----------	-----------

Island Bay Homes

On July 26, 2000, Island Bay Homes obtained a loan from the City in the amount of \$997,409. The loan bears 2.33% simple interest through maturity on July 26, 2050, but only if the project has enough available cash to make surplus cash payments. Payments of principal and interest are due to the extent of residual receipts. Accrued interest as of December 31, 2024 and 2023 was \$374,728. There was no interest expense during the years ended December 31, 2024 and 2023.	997,409	997,409
--	---------	---------

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>LIHTC Partnerships and Affiliates</u>		
<u>473 Ellis, LP</u>		
On March 19, 2012, the partnership executed a loan agreement with the City, through its Housing Site Acquisition Program and CDBG Program, to assume the outstanding debt encumbering the project. Pursuant to the Amended and Restated Loan agreement, the loan amounts under the two programs were combined into a single loan in the amount of \$4,397,874 with an amended maturity date. The loan is payable without interest with all unpaid principal due at maturity on March 21, 2069. During 2015, the partnership discounted the principal debt assumed at acquisition to its present value as of the acquisition date, with a corresponding reduction in the basis of the acquired land and building by the amount of the discount. Deferred interest expense for the years ended December 31, 2024 and 2023 was \$21,790 and \$21,228, respectively. The outstanding principal balance as of December 31, 2024 and 2023 was \$2,176,396 and \$2,154,606, respectively, net of discount of \$1,843,840 and \$1,865,630, respectively.	\$ 4,020,236	\$ 4,020,236
On March 16, 2012, in connection with the acquisition of the project, the partnership executed a loan agreement through HCD's CHRP program to assume the outstanding principal and accrued interest encumbering the project in the amounts of \$1,298,743 and \$816,696, respectively. The loan bears 3% simple interest, with annual payments equal to 0.42% of the unpaid principal amount. All principal and interest are due at maturity on August 30, 2067. Additional payments are made to the extent to available cash. During 2015, the partnership discounted the debt assumed at acquisition, including principal, accrued interest and future interest payments, to its present value as of the acquisition date, with a corresponding reduction in the basis of the acquired land and building by the amount of the discount. Accrued interest as of December 31, 2024 and 2023 was \$693,125 and \$659,132, respectively, net of discount of \$420,713 and \$420,222, respectively. Current interest expense for the years ended December 31, 2024 and 2023 was \$5,455, which is included in program services expense on the accompanying consolidated statements of activities. For the years ended December 31, 2024 and 2023, deferred interest expense was \$33,507 and \$33,508, respectively. The outstanding principal balance as of December 31, 2024 and 2023 was \$629,707 and \$630,489, respectively, net of discount of \$669,036 and \$668,254, respectively.	1,298,743	1,298,743

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	2024	2023
On June 18, 2014, the partnership obtained an HCD MHP loan in the amount of \$4,826,617. The loan bears interest at 3% simple interest 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 December 31, 2024 and 2023 was \$1,069,681 and \$941,522, respectively. Current interest expense for the years ended December 31, 2024 and 2023 was \$20,272, and is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$124,527.	\$ 4,826,617	\$ 4,826,617

CHP Ellis, LLC

On March 1, 2012, CHP Ellis LLC obtained an interest free loan from Silicon Valley Bank through the Affordable Housing Program (AHP) in the amount of \$600,000. The loan is forgivable at the end of the retention period, as defined, on June 10, 2028, provided the project complies with certain provisions of the loan agreement. Otherwise, the loan is due in full on June 1, 2069.	600,000	600,000
--	---------	---------

650 Eddy, LP

On March 7, 2007, the partnership obtained a loan from MOH through the Affordable Housing Fund in the maximum amount of \$7,177,673. The loan bears no interest. Payments are to be made from residual receipts. Any unpaid principal is due at maturity in March 2062.	5,138,514	5,138,514
On July 20, 2005, the partnership obtained a HOME loan from MOH in the original amount of \$855,463. The initial interest rate was 3% simple interest until 2006 when the loan was amended to bear no interest. As part of the amendment, the principal balance of the loan was increased to \$7,280,745. On January 19, 2007, principal debt in the amount of \$2,258,303 was forgiven when the land and associated debt were transferred to the City. All accrued interest was forgiven as well, except for \$29,658 which would remain payable. Payments are to be made from residual receipts with the entire principal and interest due on July 20, 2060. Accrued interest as of December 31, 2024 and 2023 was \$29,658.	5,022,442	5,022,442

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
On December 15, 2009, the partnership obtained a loan from HCD in the amount of \$6,091,709. The loan bears 3% simple interest with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter, payments are determined by HCD based on their costs of monitoring the project. For the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. Additional payments are made to the extent of available cash. All principal and interest are due at maturity in February 2065. Accrued interest as of December 31, 2024 and 2023 was \$2,362,822 and \$2,180,071, respectively. Interest expense during the years ended December 31, 2024 and 2023 was \$25,585, which is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$157,166.	\$ 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
<u>Arendt House, LP</u>		
On January 11, 2012, Arendt House, LP obtained an HCD MHP loan in the amount of \$6,247,804. The loan bears 3% simple interest and requires annual payments equal to 0.42% of the unpaid principal balance. Additional payments are made to the extent of available cash. For the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. All principal and interest are due at maturity in January 2067. Accrued interest as of December 31, 2024 and 2023 was \$2,110,111 and \$1,922,677, respectively. Interest expense during the years ended December 31, 2024 and 2023 was \$26,241, which is included in program services expense on the accompanying consolidated statements of activities. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$161,193.	6,247,804	6,247,804
On September 24, 2008, Arendt House, LP 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 2065.	1,878,866	1,878,866
On December 14, 2007, Arendt House, LP 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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>Hotel Essex, LP</u>		
On May 27, 2005, Hotel Essex, LP executed a loan agreement with the City and MOH (the MOH Loan). The initial principal balance of the loan was \$3,465,750 with simple interest accruing annually at 3%. The loan is secured by a second deed of trust in the Project. During 2006, the MOH Loan was amended to increase the principal balance of the loan to \$6,096,483. During 2008, the MOH Loan was amended such that interest shall only accrue and be payable to the extent of surplus cash, as defined. Payments of principal and interest are made from surplus cash with all unpaid principal and accrued interest due at maturity on May 27, 2060. Interest expense during the years ended December 31, 2024 and 2023 was \$0.	\$ 4,670,017	\$ 4,670,017
On October 15, 2008, Hotel Essex, LP obtained an HCD MHP loan in the amount of \$7,000,000. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter payments are determined by HCD based on their costs of monitoring the project. For each of the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.00%. The entire principal and unpaid accrued interest is to be repaid in October 2063. Accrued interest as of December 31, 2024 and 2023 was \$2,910,002 and \$2,700,002, respectively. For the years ended December 31, 2024 and 2023, current interest expense was \$29,400, which is included in program services expense on the accompanying consolidated statements of activities. For the years ended December 31, 2024 and 2023, deferred interest expense was \$180,600.	7,000,000	7,000,000
On February 28, 2007, Hotel Essex, LP 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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>CHP Scott Street, LP</u>		
In February 2016, CHP Scott Street, LP obtained an HCD MHP loan in the amount of \$3,968,040. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter payments are determined by HCD based on their costs of monitoring the project. For the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. The entire principal and unpaid accrued interest is to be repaid in February 2071. Accrued interest as of December 31, 2024 and 2023 was \$917,745 and \$815,987, respectively. For the years ended December 31, 2024 and 2023, current interest expense was \$16,565, which is included in program services expense on the accompanying consolidated statements of activities. For the years ended December 31, 2024 and 2023, deferred interest expense was \$101,758 and \$101,759, respectively.	\$ 3,944,116	\$ 3,944,116
In July and December of 2010, CHP Scott Street, LLC obtained predevelopment loans from MOH in the total amount of \$4,416,508. The loans were subsequently assigned to CHP Scott Street, LP. A portion of the loans totaling \$4,016,508 was due the earlier of March 31, 2016 or the close of permanent financing. The remaining portion of the loans equal to \$400,000 is payable from residual receipts and is otherwise due at maturity on the date that is 55 years after the close of permanent financing. The stated interest rate of the loan is 0%. During 2015, the partnership discounted the permanent portion of the loan that was used to finance the acquisition of the project, resulting in a corresponding reduction in the basis of the land and building by the amount of the discount. Interest expense for the years ended December 31, 2024 and 2023 was \$3,229 and \$3,114, respectively. The outstanding principal balance as of December 31, 2024 and 2023 was \$90,374 and \$87,145, respectively, net of discount of \$309,626 and \$312,855, respectively.	400,000	400,000
<u>CHP Scott Street LLC</u>		
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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>365 Fulton, LP</u>		
On November 3, 2009, 365 Fulton, LP obtained a loan from Office of Community Investment and Infrastructure (OCII), successor agency to the San Francisco Redevelopment Agency in the original amount of \$2,753,291. The loan bears 3% simple interest. Payments are made from available cash flow. Unpaid interest and principal is payable at maturity in November 2066. Accrued interest as of December 31, 2024 and 2023 was \$620,825 and \$595,587, respectively. Deferred interest expense during the years ended December 31, 2024 and 2023 was \$25,238.	\$ 841,263	\$ 841,263
In January 2010, 365 Fulton, L.P. obtained a loan from CalHFA in the original amount of \$1,200,000. Principal payments are payable from residual receipts. The loan does not bear interest and is due at maturity in February 2065.	1,199,850	1,199,850
On February 8, 2013, 365 Fulton, LP obtained an HCD MHP loan in the amount of \$8,907,928. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter, payments are determined by HCD based on their costs of monitoring the project. For the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.04%. The entire principal and unpaid accrued interest is to be repaid in full in February 2068. Accrued interest as of December 31, 2024 and 2023 was \$2,710,934 and \$2,481,112, respectively. Interest expense during the years ended December 31, 2024 and 2023 was \$37,413, and is included in program services expense on the accompanying consolidated statements of activities. For the years ended December 31, 2024 and 2023, deferred interest expense was \$229,822 and \$229,828, respectively.	8,907,928	8,907,928
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
<u>666 Ellis, LP</u>		
On December 22, 2014, the partnership executed a loan with the City in the principal amount of \$660,640. In June 2015 the loan was amended to increase the maximum principal balance to \$3,238,367. The loan is secured by a subordinate deed of trust. The loan does not accrue interest. Payments are made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the completion date, as defined.	2,808,530	2,808,530

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>666 Ellis LP (continued)</u>		
During 2019, a permanent loan was acquired from the Federal Home Loan Mortgage Corporation. The initial principal balance of the loan was \$3,285,000. Interest on the loan accrues at a rate of 4.41%, which includes a servicing fee of 0.06%. The loan requires monthly payments of principal, interest and service fees for a total payment of \$18,092. All remaining unpaid principal and accrued interest is due at the maturity date of the loan on May 1, 2035. Accrued interest as of December 31, 2024 and 2023 was \$12,462. For the years ended December 31, 2024 and 2023, total interest expense, including servicing fees was \$126,277 and \$130,188, respectively.	\$ 2,813,295	\$ 2,904,119
In November 2015, the partnership executed a loan with the San Francisco Housing Authority (SFHA) in the principal amount of \$600,000, secured by a subordinate deed of trust. The loan does not accrue interest. Payments are made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date.	600,000	600,000
In November 2015, the partnership executed a loan with SFHA in the principal amount of \$14,375,000, secured by a subordinate deed of trust. The loan accrues interest at a rate of 2.57%, compounded annually. Annual interest payments in the amount of \$15,000 shall be made, with additional payments to be made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date. For the years ended December 31, 2024 and 2023, deferred interest expense was \$437,214 and \$427,848, respectively. As of December 31, 2024 and 2023, the balance of accrued interest was \$3,044,424 and \$2,637,210, respectively.	14,375,000	14,375,000

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>1750 McAllister, LP</u>		
In October 2016, the partnership executed a construction loan with the City in the maximum principal amount of \$30,548,000, secured by a first priority deed of trust on the project. On June 26, 2019, the partnership's construction loan was paid off and converted into permanent loan with modified terms. In connection with the loan conversion, the loan was acquired by the Federal Home Loan Mortgage Corporation. The initial principal balance of the loan was \$9,603,000. Interest on the loan accrues at a rate of 3.71%, which includes a servicing fee of 0.1%. The loan requires monthly payments of principal, interest and servicing fees for a total payment of \$44,801. For the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.87% and 4.05%, respectively. All remaining unpaid principal and accrued interest is due at the maturity date of the loan on May 1, 2035. Accrued interest as of December 31, 2024 and 2023 was \$11,684. For the years ended December 31, 2024 and 2023, interest expense was \$330,048 and \$353,834, respectively.	\$ 8,537,546	\$ 8,745,105
In October 2016, the partnership executed a loan with SFHA in the principal amount of \$1,000,000, secured by a subordinate deed of trust. The loan does not accrue interest. Payments on the loan are made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date.	247,973	247,973
In October 2016, the partnership executed a loan with SFHA in the principal amount of \$21,661,312, secured by a subordinate deed of trust. The loan accrues interest at a rate of 1.95%, compounded annually. Annual interest payments in the amount of \$15,000 shall be made beginning on the first June 30 after the project's rehabilitation is completed, and continuing annually thereafter, with additional payments to be made to the extent of residual receipts. Any unpaid principal is due upon maturity on the 55th anniversary of the loan disbursement date. For the years ended December 31, 2024 and 2023, deferred interest expense was \$501,952 and \$462,734, respectively. As of December 31, 2024 and 2023, the balance of accrued interest was \$3,310,787 and \$2,838,835, respectively.	21,661,312	21,661,312

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>25 Essex, LP</u>		
In August 2014, the partnership executed an MHSA loan with CalHFA in the principal amount of \$1,000,000. The loan bears deferred interest at a simple rate of 3% per annum. A servicing fee is due annually at an amount equal to 0.42% of the unpaid principal balance. Payments on the loan are only due to the extent of surplus cash in accordance with the partnership's regulatory agreements. Principal and interest are otherwise payable at maturity in August 2069. Accrued interest as of December 31, 2024 and 2023 was \$303,128 and \$273,128, respectively. For the years ended December 31, 2024 and 2023, deferred interest expense was \$30,000.	\$ 1,000,000	\$ 1,000,000
In October 2015, the partnership obtained an HCD MHP loan in the amount of \$9,334,681. The loan bears 3% simple interest rate with annual payments equal to 0.42% of the unpaid principal balance for the first 30 years. Thereafter payments are determined by HCD based on their costs of monitoring the project. For the years ended December 31, 2024 and 2023, the effective interest rate, which includes amortization of debt issuance costs, was 3.01%. The entire principal and unpaid accrued interest is to be repaid in October 2070. Accrued interest as of December 31, 2024 and 2023 was \$2,187,564 and \$1,907,083, respectively. For the years ended December 31, 2024 and 2023, current interest expense was \$39,097 and is included in program services expense on the accompanying consolidated statements of activities. For the years ended December 31, 2024 and 2023, deferred interest expense was \$280,481 and \$240,164, respectively.	9,308,687	9,308,687
In February 2011, the partnership executed a loan with the City in the maximum principal amount of \$8,758,641. Interest shall accrue at a rate of 3% per annum, but only to the extent the partnership has residual receipts with which to make payment. Similarly, principal payments shall only be made from residual receipts; otherwise, no payments are due until maturity in December 2068.	7,724,548	7,724,548
In February 2011, the partnership executed a loan with the City in the principal amount of \$950,000. Interest shall accrue at a rate of 3% per annum, but only to the extent the partnership has residual receipts with which to make payment. Similarly, principal payments shall only be made from residual receipts. Otherwise, no payments are due until maturity in December 2068.	837,838	837,838

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements
December 31, 2024 and 2023

	2024	2023
<u>CHP Villages</u>		
In connection with CHP's assumption of the sublease for CHP Villages (see note 9), on July 1, 2014, CHP also assumed, from Rubicon Villages, Inc., the note payable encumbering the project. The note is payable to the City. The loan was initially executed on March 26, 2002 in the initial principal balance of \$1,860,620. Upon execution of the first amendment to the note in December 2003, the maximum principal balance was amended to \$1,621,032. Upon execution of the second amendment to the note in May 2011, the interest rate was amended from 7 5% to 0%. The maturity date of the note is the earlier of the 50th anniversary of the execution of the note or the date the sublease for CHP Villages is terminated.	\$ 66,007	\$ 66,007
<u>Mission Bay 9, LP</u>		
On February 20, 2018, the partnership obtained a predevelopment loan from OCII in the amount of \$5,000,000. On April 7, 2020, the loan was amended and restated, and the loan amount was increased to \$37,245,761. The loan bears interest at a rate of 1.5% per annum and any unpaid principal and accrued interest is due and payable upon the expiration of the compliance term of the project. For the years ended December 31, 2024 and 2023, total interest incurred was \$560,217 and \$1,237,779, respectively. Of these amounts, no interest was capitalized during 2024. As of December 31, 2023, cumulative interest costs capitalized into rental property totaled \$790,574, while the remaining \$447,205 was recognized as interest expense. As of December 31, 2024 and 2023, the balance of accrued interest was \$1,898,765 and \$1,338,548, respectively.	37,245,761	37,245,761
<u>53 Colton, LP</u>		
On December 1, 2023, the partnership obtained an HCD MHP loan in the amount of \$11,477,490. The loan bears 3% simple interest and requires annual payments equal to 0.42% of the unpaid principal balance. All principal and interest are due at maturity in December 2078. Accrued interest as of December 31, 2024 and 2023 was \$320,031 and 23,911, respectively. Interest expense during the years ended December 31, 2024 and 2023 was \$48,205 and \$23,911, respectively, which is included in program services expense on the accompanying consolidated statements of activities. For the years ended December 31, 2024 and 2023, deferred interest expense was \$296,120 and \$0, respectively.	11,477,490	11,477,490

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

	2024	2023
<u>53 Colton LP (continued)</u>		
On October 30, 2020, the partnership obtained a loan from MOH in the original amount of \$2,750,000. On November 27, 2023, the loan was amended to reduce the maximum principal balance to \$1,741,955. The loan is secured by a subordinate deed of trust on the project. The loan bears interest at 3% annually. Payments on the loan are made to the extent of residual receipts as defined in the loan agreement. Any unpaid principal is due upon maturity on January 1, 2078. As of December 31, 2024 and 2023, the principal balance of the loan was \$1,741,955. For the years ended December 31, 2024 and 2023, deferred interest expense was \$52,259 and \$0, respectively.	\$ 1,741,955	\$ 1,741,955
On September 13, 2023, the partnership obtained an AHP loan from Century Housing Corporation in the principal amount of \$1,250,000. The loan bears no interest and is secured by a subordinate deed of trust on the project. The loan is forgivable 15 years after the date the project's rehabilitation was completed provided the project complies with certain affordable housing provisions of the loan agreement; otherwise, the loan is payable at maturity on September 13, 2078.	1,250,000	1,250,000
Total notes payable	248,840,625	235,306,858
Less total discounts	(2,822,502)	(2,846,739)
Less unamortized debt issuance costs	(604,671)	(1,264,727)
Long-term portion	\$ 245,413,452	\$ 231,195,392
Future maturities of debt are as follows:		
Years ending December 31:		
2025	\$ 310,373	
2026	322,999	
2027	336,140	
2028	349,819	
2029	364,057	
Thereafter	247,157,237	
Total	\$ 248,840,625	

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

8. Net Assets With Donor Restrictions

Net assets with donor restrictions consist of the following:

	December 31, 2023	Contributions	Released From Restrictions	December 31, 2024
Recoverable contributions for the purchase and rehabilitation of:				
Senator Hotel	\$ 1,519,000	\$ -	\$ (344,000)	\$ 1,175,000
Iroquois Hotel	1,500,000	-	-	1,500,000
Total net assets with donor restrictions	<u>\$ 3,019,000</u>	<u>\$ -</u>	<u>\$ (344,000)</u>	<u>\$ 2,675,000</u>
	December 31, 2022	Contributions	Released From Restrictions	December 31, 2023
Specific programs and time restrictions:				
Community Housing Partnership	\$ 500,000	\$ -	\$ (500,000)	\$ -
Recoverable contributions for the purchase and rehabilitation of:				
Senator Hotel	1,519,000	-	-	1,519,000
San Cristina Hotel	2,116,506	-	(2,116,506)	-
Iroquois Hotel	1,500,000	-	-	1,500,000
	<u>5,135,506</u>	<u>-</u>	<u>(2,116,506)</u>	<u>3,019,000</u>
Total net assets with donor restrictions	<u>\$ 5,635,506</u>	<u>\$ -</u>	<u>\$ (2,616,506)</u>	<u>\$ 3,019,000</u>

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

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

9. Leases

Island Bay Homes Lease: CHP subleases the Island Bay Homes property from the Treasure Island Development Authority (TIDA) (who leases it from the U.S. Department of Navy) for the purpose of overseeing the property to benefit eligible tenants. CHP is responsible for all costs related to the use of the premises, which consisted of 24 rental units as of June 30, 2007. On July 17, 2007, CHP took the leasehold possession of an additional 42 units on Treasure Island, which increased the Island Bay Homes unit count to 66 units at June 30, 2008. Effective July 1, 2017, an amendment was executed in order to increase the total units to 70. The term of the sublease was 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 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. CHP records no rent expense under this arrangement and has estimated that there is no monetary value from this sublease.

666 Ellis, LP Ground Lease: The project owned by 666 Ellis, LP is built on land owned by SFHA. Pursuant to the terms of the lease executed November 1, 2015, 666 Ellis, LP leases the land from the City on a prepaid basis for a 99-year term. The lease, which is classified as an operating lease, was prepaid on the date of lease execution in the total amount of \$350,000. Under the terms of the lease, the land will revert to SFHA at the end of the lease. For the years ended December 31, 2024 and 2023, rent expense was \$3,535 which is included in program expenses on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, the balance of right-of-use asset was \$317,720 and \$321,255, respectively.

1750 McAllister, LP Ground Lease: The project owned by 1750 McAllister, LP is built on land owned by SFHA. Pursuant to the terms of the lease executed October 1, 2016, 1750 McAllister LP leases the land from SFHA on a prepaid basis for a 99-year term. The lease, which is classified as an operating lease, was prepaid on the date of lease execution in the total amount of \$1,980,000. Under the terms of the lease, the land will revert to SFHA at the end of the lease. For the years ended December 31, 2024 and 2023, rent expense was \$20,000, which is included in program expenses on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, the balance of right-of-use asset was \$1,815,787 and \$1,835,787, respectively.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

CHP Office Space Lease: On October 29, 2021, CHP entered into an operating lease sublease agreement with Schoolmint, Inc. for its main office facility. The term of the sublease is from December 1, 2021 to November 28, 2025. The sublease agreement provides for monthly base rent plus a portion of the office's direct operating expenses as defined. As of December 31, 2024 and 2023, the balance of right-of-use asset was \$242,429 and \$527,343, respectively. Total fixed and variable expenses related to this lease for the years ended December 31, 2024 and 2023 were \$293,990, which are allocated among program services, management and general and fundraising expense on the accompanying consolidated statements of activities.

CHP 5th Street Lease: 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 expired ten years thereafter on October 12, 2023, at which point the lease was available for extension. The lease was extended through June 30, 2024. The lease was recorded as an operating lease, but became a short term lease on January 1, 2025. Lease payments for the extension period are equal to \$50,550 per month. As of December 31, 2024 and 2023, the balance of right-of-use asset was \$0 and \$302,038, respectively. Total rent expense related to this lease for the years ended December 31, 2024 and 2023 was \$303,297 and \$606,595, respectively, which is included in program services expense on the accompanying consolidated statements of activities.

RCA Lease: Rene Cazenave Apartments, which is owned by 25 Essex, LP, is built on land owned by the City and County of San Francisco. Pursuant to the terms of the lease dated December 6, 2011, 25 Essex, LP leases the land from the City on a 75-year term with an option for a 24-year extension thereafter. The lease, which is classified as an operating lease, provides for accrual of annual base rent of \$1 for any year in which the partnership receives LOSP operating subsidy. Otherwise, in any year the partnership does not receive LOSP operating subsidy, base rent shall accrue in the amount of \$15,000, payable to the extent of residual receipts. Additionally, residual rent of up to \$737,000 per year shall accrue, but only in the event and to the extent there are residual receipts available for such payment. Under the terms of the lease, the land will revert to the City at the end of the lease. For the years ended December 31, 2024 and 2023, rent expense was \$1 for each period, which is included in program services expense on the accompanying consolidated statements of activities. As of December 31, 2024 and 2023, total ground lease payable to the City was \$11.

365 Fulton Lease: Pursuant to the First Amended and Restated Ground Lease agreement, 365 Fulton, LP leases the land on which its housing project is built from the OII. The lease is classified as an operating lease. The lease agreement was executed on January 5, 2010 and expires in January 2085 unless the partnership exercises a one-time 24-year option. Provided the project is maintained as housing for very low-income persons, as defined, annual rent shall be comprised of base rent of \$1, which is due and payable annually, and residual rent, which only accrues to the extent of surplus cash, as defined in the ground lease agreement. For the years ended December 31, 2024 and 2023, rent expense was \$1 and \$0, respectively, which represents residual rent.

650 Eddy Lease: 650 Eddy, LP purchased the land on which its housing project is built in July 2005. During 2007, as consideration for the City's debt forgiveness, the land and improvements were transferred to the City. The partnership currently leases the land pursuant to the 650 Eddy Street Ground Lease agreement between the partnership and the City. The lease expires March 2077 unless the partnership exercises a 29-year option or unless otherwise extended or terminated pursuant to the lease agreement. Title to the improvements reverts to the City at the end of the lease term. Annual rent shall be \$1 provided the project is maintained as housing for low-income and formerly homeless families and individuals. The partnership prepaid rent of \$70 upon execution of the ground lease. As of December 31, 2024 and 2023, the balance of the right-of-use asset was \$52 and \$53, respectively. Ground lease expense for the years ended December 31, 2024 and 2023 was \$1 for each year, which is included in program services expense on the accompanying consolidated statements of activities.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

MB9 Lease: Mission Bay 9 LP leases land from the OCII, on a 75-year term commencing on April 7, 2020, which expires in 2095. Upon termination of the lease, improvements, alterations, additions, equipment fixtures shall automatically transfer to the possession of the OCII. Upon commencement of the lease, the partnership shall pay a total of \$75, or \$1 per year for the 75-year term. In any given year that is not a LOSP Subsidy year, as defined, base rent is \$15,000 per year. Since it is not reasonably determinable that there will not be a LOSP Subsidy year in the future, any such payment will be deemed variable rent. The agreement also provides for residual rent in the maximum amount of \$1,615,000 per year, subject to the availability of excess/distributable cash. If the project does not generate excess/distributable cash, there is no requirement to accrue a payment. The lease is classified as an operating lease. Ground lease expense for the years ended December 31, 2024 and 2023 was \$1 which is included in program services expense on the accompanying consolidated statements of activities.

53 Colton Lease: 53 Colton, which is owned by 53 Colton LP, is built on land owned by PTF for 99 years. Pursuant to the terms of the lease executed on January 1, 2018, 53 Colton LP leases the land from U.A. with an annual rent of \$1 for a 99 year-term. Under the terms of the lease, the title to the land will revert to U.A. at the end of the lease. The lease has been classified as an operating lease and the partnership incurred acquisition costs of \$206,947, which will be amortized over the 99 year-term. As of December 31, 2024 and 2023, the balance of the right-of-use asset was \$198,676 and \$200,715, respectively. For the years ended December 31, 2024 and 2023, ground lease expense was \$2,132 and \$2,131, which is included in program services expense on the accompanying consolidated statements of activities.

The balances for operating leases are presented as follows on the consolidated statements of financial position as of December 31:

	<u>2024</u>	<u>2023</u>
Operating leases:		
Operating lease right-of-use assets	\$ 2,574,664	\$ 3,187,191
Operating lease liabilities	307,091	928,849

Lease expense on the consolidated statements of activities and changes in net assets for the years ended December 31 consists of the following:

	<u>2024</u>	<u>2023</u>
Operating lease expense:		
Operating lease expense, base rent	\$ 965,341	\$ 926,253
Operating lease expense, variable	-	-
Total operating lease expense	<u>\$ 965,341</u>	<u>\$ 926,253</u>

As of December 31, 2024 and 2023, the weighted-average remaining lease term for these leases approximated 57.73 and 58.68 years, respectively, and the weighted-average discount rate approximated 2%.

The lease agreements did not provide an implicit rate of return, and the Organization used its risk-free rate based on information available at the commencement date in determining the present value of lease payments.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

As of December 31, 2024, the maturities of operating lease liabilities are summarized as follows:

Years ending December 31:	
2025	\$ 309,654
2026	-
2027	-
2028	-
2029	-
Thereafter	-
Total minimum lease payments	309,654
Less interest	(2,563)
Present value of lease obligations	<u>\$ 307,091</u>

10. Commitments and Contingencies

CHP has provided loan and operating deficit guarantees as well as guarantees with regard to projected tax benefits for its affiliates. CHP does not require any collateral or other security from its affiliates and projects related to these guarantees. Management believes that the likelihood of funding a material amount of any of the guarantees is remote. Summaries of these guarantees as of December 31, 2024 are shown below, and are subject to change in accordance with the respective partnership agreements.

Project	Operating Deficit Guarantee	
	Maximum Amount	Expiration
Arendt House, LP	\$ 331,070	(1)
Essex Hotel, LP	500,000	(2)
650 Eddy, LP	600,000	(3)
365 Fulton, LP	500,000	(4)
473 Ellis, LP	200,000	(5)
CHP Scott Street	206,000	(6)
25 Essex, LP	701,900	(7)
666 Ellis, LP	677,142	(8)
1750 McAllister, LP	817,212	(9)
53 Colton, LP	794,000	(10)
Total	<u>\$ 5,327,234</u>	

Project	Tax Benefit Indemnification ⁽¹¹⁾	
	Projected Benefit	Expiration
365 Fulton, LP	\$ -	2027
473 Ellis, LP	-	2028
CHP Scott Street, LP	-	2030
25 Essex, LP	-	2029
666 Ellis, LP	6,795,147	2032
1750 McAllister, LP	10,426,879	2033
53 Colton, LP	15,566,332	2037
Total	<u>\$ 32,788,358</u>	

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

- (1) The obligation shall terminate on the later of (i) the tenth anniversary of the date of achievement of breakeven operations, (ii) the fifth anniversary of the closing of or conversion to the permanent loan or (iii) the date upon which the partnership achieves five consecutive calendar years during which there is an expense coverage ratio of 1.15 or better for each year the operating reserve is fully funded.
- (2) The obligation shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at break-even for at least three calendar years following stabilization, as defined; and (ii) the balance in the operating reserve equals or exceeds \$190,954.
- (3) The guarantee shall only apply during any period in which the project is not fully subsidized under the LOSP. If the project maintains a 1.15 service coverage ratio for 12 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.
- (4) The obligation shall terminate on December 31 of the fifth year after the date of the stabilization capital contribution, as defined, provided that the following conditions are satisfied (a) during the five year period the general partner has not been obligated to make any operating deficit loans and the partnership has not drawn on any reserves established for operating deficits, (b) the amount on deposit in the partnership's operating reserve is not less than the operating reserve minimum, as defined, (c) the partnership is current on its required reserve payments, operating expenses, mandatory debt service and payments for any necessary maintenance or capital improvements, (d) the Supportive Services Agreement is in full force and effect, and (e) the LOSP and MHSA subsidies are in place and being fully funded in accordance with their respective terms.
- (5) The obligation to fund operating deficits during the operating deficit guarantee period, which shall begin on the date of the stabilization capital contribution and shall continue until the close of business on the December 31 (i) that is at least five years thereafter, and (ii) on which all the applicable conditions are met as stated in the partnership agreement. The advance will be payable without interest from excess distributable cash.
- (6) The obligation to make operating deficit contributions shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at the required expense coverage, as defined, for a period of at least two consecutive years, which two year period shall have commenced no earlier than three years after the later to occur of the achievement of the stabilization date or loan conversion, as defined; and (ii) the balance in the operating reserve equals or exceeds the required amount.
- (7) The obligation to fund the operating deficit shall be unlimited through the stabilization date, as defined, after which the obligation shall be limited to \$701,900. The obligation to fund operating deficits shall terminate on the date that the following have occurred simultaneously: (i) the project has operated at break-even, as defined, for two consecutive years, which two-year period shall have commenced no earlier than one year after the achievement of the stabilization date; and (ii) the partnership's operating reserve equals or exceeds the required minimum balance.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

- (8) The obligation to fund the operating deficit shall terminate on the third anniversary of the later to occur of (i) the development obligation date, as defined, or (ii) achievement of a 1.15 to 1.00 debt service coverage ratio average over a period of three consecutive calendar months commencing after final closing, as defined. Notwithstanding the foregoing, the obligation to fund operating deficits shall not terminate unless and until (x) the partnership's operating reserve shall have been replenished to at least \$325,020, (y) the average debt service coverage ratio for the three-month period prior to the date of termination must be at least 1.15 to 1.00, and (z) each of the HAP contract and the RAD HAP contract shall be in full force and effect. Prior to the development obligation date, payments furnished to the partnership shall be considered special capital contributions by CHP as the general partner, and after the development obligation date, the payments to the partnership shall be considered loans, with the maximum loan amount to be no greater than \$677,142.
- (9) The obligation to fund the operating deficit shall terminate on the third anniversary of the later to occur of (i) the development obligation date, as defined, or (ii) achievement of a 1.15 to 1.00 debt service coverage ratio average over a period of three consecutive calendar months commencing after final closing, as defined. Notwithstanding the foregoing, the obligation to fund operating deficits shall not terminate unless and until (x) the partnership's operating reserve shall have been replenished to at least one-half the initial required balance for the operating reserve, or \$408,606, (y) the average debt service coverage ratio for the three-month period prior to the date of termination must be at least 1.15 to 1.00, and (z) each of the HAP contract and the RAD HAP contract shall be in full force and effect. Prior to the development obligation date, payments furnished to the partnership shall be considered special capital contributions by CHP as the general partner, and after the development obligation date, the payments to the partnership shall be considered loans, with the maximum loan amount to be no greater than \$817,212.
- (10) The obligation to fund the operating deficit shall terminate on date that the following have occurred simultaneously: (i) the project has operated at the required expense coverage determined by audited financial statements for a period of at least two (2) consecutive fiscal years, which two (2) year period shall have commenced no earlier than three (3) years after the first day of the year in which the later of the stabilization date is achieved and loan conversion occurs; (ii) the LOSP Subsidy Agreement is in full force and effect in at least the per unit annual amount shown in the projections; and (iii) the balance in the operating reserve equals or exceeds \$794,000.
- (11) CHP has made guarantees to deliver tax benefits at certain amounts, or purchase the limited partner interest, at a price derived from the limited partner's contributions to the partnerships in accordance with the respective partnership agreements. In general, CHP's obligation with respect to these guarantees decreases over time as benefits are delivered to the limited partners.

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

Noncompliance With Grantor

On April 2, 2024, the Office of the Controller of the City and County of San Francisco, City Services Auditor, Audits Division, presented its report on the audit of the agreements between the Organization and the City and County of San Francisco, The Department of Homelessness and Supportive Housing (HSH), and the Mayor's Office of Housing and Community Development (MOHCD). The audit found significant and pervasive issues with the Organization and noncompliance with City and grant agreements. The report makes nine recommendations for HSH and MOHCD to remediate the findings with the Organization, and the City Services Auditor will follow up every six months on the status of the open recommendations made in the report. No provision has been made for any liabilities that may arise from the audit. The Organization is in the process of remediating the findings.

Community Housing Partnership and Affiliates dba HomeRise

Notes to Consolidated Financial Statements

December 31, 2024 and 2023

In addition, on June 30, 2025, the Department of Homelessness and Supportive Housing of the City of San Francisco issued a Final Status Letter regarding various findings from the Departments FY24/25 as well as FY23/24 monitoring reports. No provision has been made for any liabilities that may arise from the audit. The Organization is in the process of remediating the findings.

On September 29, 2025, the City of San Francisco's Controller's Office lowered the Organization's Corrective Action designation from Tier 3 to Tier 2, reflecting significant progress in fiscal monitoring and addressing high priority corrective action measures. The Controller's letter indicated that lifting the Tier 2 status will require further progress on timely invoicing and consistent staff allocation to programs.

Other Contingencies

The Organization is subject to asserted and unasserted claims encountered in the normal course of its operations. In the opinion of management and legal counsel, dispositions of these matters will not have a material effect on the Organization's financial condition or results of operations.

11. Retirement Plan

CHP established a 403(b) retirement plan effective July 1, 2020. Employees are eligible to contribute to the plan on their dates of hire. Employer contributions, which cover employees who complete minimum six months of service with 1,000 hours during the year, are discretionary. Employee contributions are fully vested at all times whereas employer contributions are fully vested after three years of service. The Organization made contributions of \$228,172 and \$84,893 for the years ended December 31, 2024 and 2023, respectively. The 2024 contributions included \$198,859 relating to missed contributions from previous years.

12. Liquidity and Availability of Financial Assets

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

	2024	2023
Cash and cash equivalents	\$ 3,739,305	\$ 6,627,944
Receivables	3,898,956	3,910,716
Total	<u>\$ 7,638,261</u>	<u>\$ 10,538,660</u>

On an annual basis, CHP prepares a budget for its corporate body and each of its affiliates in order to project revenues, expenses and cash flows and evaluate its liquid resources for the upcoming 12-month period. The Organization monitors its liquidity on an ongoing basis to ensure the operating needs and other contractual obligations are timely fulfilled. The Organization also has cash reserve accounts that are restricted by various purposes in accordance with regulatory, loan or other agreements, which may be drawn upon under certain conditions as stipulated by the applicable agreement (see Note 3).

**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***

Independent Auditors' Report

To the Board of Directors of
Community Housing Partnership dba HomeRise

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 (*Government Auditing Standards*), the consolidated financial statements of Community Housing Partnership dba HomeRise (the Organization), which comprise the Organization's consolidated statement of financial position as of December 31, 2024, and the related consolidated statements of activities and changes in net assets, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated . Our report includes a reference to other auditors who audited the financial statements of various subsidiaries, as described in our report on the Organization's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Organization's internal control over financial reporting (internal control) as a basis for designing 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 and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We identified certain deficiencies in internal control, described in the accompanying schedule of findings and questioned costs as items 2024-1 and 2024-2, that we consider to be significant deficiencies.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The Organization's Response to Finding

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

Baker Tilly US, LLP

Minneapolis, Minnesota
November 13, 2025

**Report on Compliance
for Each Major Federal Program and
Report on Internal Control Over Compliance
Required by the Uniform Guidance**

Independent Auditors' Report

To the Board of Directors of
Community Housing Partnership dba HomeRise

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Community Housing Partnership dba HomeRise's (the Organization) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the Organization's major federal programs for the year ended December 31, 2024. The Organization's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the Organization complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Organization and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the Organization's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Organization's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Organization's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Organization's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Organization's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the Organization's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance and therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, as discussed below, we did identify a deficiency in internal control over compliance that we consider to be a significant deficiency.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-3, to be a significant deficiency.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

Government Auditing Standards requires the auditor to perform limited procedures on the Organization's response to the internal control over compliance finding identified in our compliance audit described in the accompanying schedule of findings and questioned costs. The Organization's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

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

Baker Tilly US, LLP

Minneapolis, Minnesota
November 13, 2025

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Schedule of Financial Position - CHP Resident Services and Administration
December 31, 2024

	CHP	Solutions SF	5th Street Apartments	Civic Center	Consolidating Adjustments	Total CHP Resident Services and Administration
Assets						
Current Assets						
Cash and cash equivalents	\$ 1,063,054	\$ -	\$ (24,340)	\$ -	\$ -	\$ 1,038,714
Receivables:						
Government grants	3,168,031	-	-	-	-	3,168,031
Other grants and contributions	24,298	-	-	-	-	24,298
Related parties, current portion	2,552,465	-	-	-	268,754	2,821,219
Rent, subsidy and others	-	-	375	-	-	375
Prepaid expenses and deposits	802,789	-	56,113	-	-	858,902
Total current assets	7,610,637	-	32,148	-	268,754	7,911,539
Related-Party Receivable, Net of Current Portion	23,724,245	-	-	-	-	23,724,245
Restricted Deposits						
Replacement, operating and other reserves	255,595	-	-	-	-	255,595
Tenant security deposits	-	-	8,010	-	-	8,010
Fixed Assets, Net	204,623	-	-	-	-	204,623
Right-of-Use Assets	242,429	-	-	-	-	242,429
Investment in Other Companies	13,802,049	-	-	-	-	13,802,049
Total assets	<u>\$ 45,839,578</u>	<u>\$ -</u>	<u>\$ 40,158</u>	<u>\$ -</u>	<u>\$ 268,754</u>	<u>\$ 46,148,490</u>
Liabilities and Net Assets						
Current Liabilities						
Accounts payable and accrued expenses	\$ 2,341,822	\$ -	\$ 28,172	\$ -	\$ -	\$ 2,369,994
Related parties, current portion	(392,483)	-	123,729	-	268,754	-
Lease liabilities, current portion	307,091	-	-	-	-	307,091
Total current liabilities	2,256,430	-	151,901	-	268,754	2,677,085
Tenant Security Deposits	-	-	15,296	-	-	15,296
Related Parties, Net of Current Portion	4,173,553	-	-	-	-	4,173,553
Notes Payable, Net of Current Portion	3,955,000	-	-	-	-	3,955,000
Total liabilities	<u>10,384,983</u>	<u>-</u>	<u>167,197</u>	<u>-</u>	<u>268,754</u>	<u>10,820,934</u>
Net Assets						
Net assets without donor restrictions	35,454,595	-	(127,039)	-	-	35,327,556
Total net assets	<u>35,454,595</u>	<u>-</u>	<u>(127,039)</u>	<u>-</u>	<u>-</u>	<u>35,327,556</u>
Total liabilities and net assets	<u>\$ 45,839,578</u>	<u>\$ -</u>	<u>\$ 40,158</u>	<u>\$ -</u>	<u>\$ 268,754</u>	<u>\$ 46,148,490</u>

See report of independent auditors

Community Housing Partnership ad Affiliates dba HomeRise

Consolidated Schedule of Financial Position - CHP Resident Services and Administration
December 31, 2023

	CHP	Solutions SF	5th Street Apartments	Civic Center	Total CHP Resident Services and Administration
Assets					
Current Assets					
Cash and cash equivalents	\$ 727,267	\$ 204,287	\$ (2,769)	\$ 1,163	\$ 929,948
Receivables:					
Government grants	1,682,423	-	-	-	1,682,423
Other grants and contributions	320,469	-	-	-	320,469
Related parties, current portion	15,849,963	281,720	189,761	1,751,780	18,073,224
Rent, subsidy and others	-	-	7,807	-	7,807
Prepaid expenses and deposits	1,103,241	-	66,820	-	1,170,061
Marketable securities	105,986	-	-	-	105,986
Total current assets	19,789,349	486,007	261,619	1,752,943	22,289,918
Related-Party Receivable, Net of Current Portion	12,725,970	-	-	-	12,725,970
Developer Fee, Net of Current Portion	2,537,183	-	-	-	2,537,183
Restricted Deposits					
Replacement, operating and other reserves	238,550	-	-	19,938	258,488
Tenant security deposits	-	-	8,153	-	8,153
Fixed Assets, Net	233,730	-	-	-	233,730
Right-of-Use Assets	527,343	-	302,038	-	829,381
Investment in Other Companies	10,108,156	-	-	-	10,108,156
Total assets	<u>\$ 46,160,281</u>	<u>\$ 486,007</u>	<u>\$ 571,810</u>	<u>\$ 1,772,881</u>	<u>\$ 48,990,979</u>
Liabilities and Net Assets					
Current Liabilities					
Accounts payable and accrued expenses	\$ 1,859,137	\$ -	\$ 24,363	\$ -	\$ 1,883,500
Related parties, current portion	6,116,198	1,551,743	186,478	-	7,854,419
Notes payable, net, current portion	225,000	-	-	-	225,000
Lease liabilities, current portion	319,710	-	302,038	-	621,748
Total current liabilities	8,520,045	1,551,743	512,879	-	10,584,667
Tenant Security Deposits	-	-	15,242	-	15,242
Deferred Income	(51,073)	-	-	-	(51,073)
Notes Payable, Net of Current Portion	2,455,000	-	-	-	2,455,000
Lease Liabilities, Net of Current Portion	307,090	-	-	-	307,090
Total liabilities	<u>11,231,062</u>	<u>1,551,743</u>	<u>528,121</u>	<u>-</u>	<u>13,310,926</u>
Net Assets					
Net assets without donor restrictions	<u>34,929,219</u>	<u>(1,065,736)</u>	<u>43,689</u>	<u>1,772,881</u>	<u>35,680,053</u>
Total net assets	<u>34,929,219</u>	<u>(1,065,736)</u>	<u>43,689</u>	<u>1,772,881</u>	<u>35,680,053</u>
Total liabilities and net assets	<u>\$ 46,160,281</u>	<u>\$ 486,007</u>	<u>\$ 571,810</u>	<u>\$ 1,772,881</u>	<u>\$ 48,990,979</u>

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRiseConsolidated Schedule of Financial Position - CHP Property Operations
December 31, 2024

	Senator Hotel	San Cristina Hotel	Iroquois Hotel	Island Bay Homes	CHP Villages	Tax Credit Partnerships and LLCs	Consolidating Adjustments	Total CHP Property Operations
Assets								
Current Assets								
Cash and cash equivalents	\$ 71,779	\$ 206,173	\$ 649,611	\$ 20,795	\$ 756,280	\$ 995,953	\$ -	\$ 2,700,591
Receivables:								
Related parties, current portion	135,264	(250,608)	193,264	169,152	204,142	351,767	(802,937)	44
Rent, subsidy and others	71,023	19,453	65,581	73,008	24,125	453,062	-	706,252
Prepaid expenses and deposits	3,309	2,927	39,803	57,470	7,235	471,750	-	582,494
Total current assets	281,375	(22,055)	948,259	320,425	991,782	2,272,532	(802,937)	3,989,381
Related-Party Receivable, Net of Current Portion	-	409,033	694,899	643,621	-	2,426,000	-	4,173,553
Restricted Deposits								
Replacement, operating and other reserves	533,831	2,313,307	1,136,113	467,252	5,118,418	16,384,295	-	25,953,216
Tenant security deposits	16,313	20,409	8,580	39,260	19,665	258,854	-	363,081
Development-in-Progress	9,000	-	-	-	-	37,254	-	46,254
Fixed Assets, Net	805,529	44,239,032	3,247,263	1,302,957	164,339	277,313,902	-	327,073,022
Right-of-Use Assets	-	-	-	-	-	2,332,235	-	2,332,235
Deferred Costs, Net	-	-	-	-	-	285,724	-	285,724
Investment in Other Companies	-	-	-	-	-	10,309,614	-	10,309,614
Total assets	<u>\$ 1,646,048</u>	<u>\$ 46,959,726</u>	<u>\$ 6,035,114</u>	<u>\$ 2,773,515</u>	<u>\$ 6,294,204</u>	<u>\$ 311,620,410</u>	<u>\$ (802,937)</u>	<u>\$ 374,526,080</u>
Liabilities and Net Assets								
Current Liabilities								
Accounts payable and accrued expenses	\$ 166,526	\$ 79,004	\$ 171,088	\$ 414,175	\$ 78,443	\$ 2,109,650	\$ -	\$ 3,018,886
Related parties, current portion	(24,376)	792,222	17,637	10,025	7,429	-	(802,937)	-
Developer fee payable	-	-	-	-	-	2,655,908	-	2,655,908
Interest payable, current portion	-	-	-	-	-	24,146	-	24,146
Notes payable, net, current portion	-	-	-	-	-	310,373	-	310,373
Lease liabilities, current portion	-	-	-	-	-	11	-	11
Total current liabilities	142,150	871,226	188,725	424,200	85,872	5,100,088	(802,937)	6,009,324
Tenant Security Deposits	19,412	43,833	20,491	31,906	19,575	303,892	-	439,109
Deferred Income	11,042	8,550	11,559	95,033	94,004	310,567	-	530,755
Related Parties, Net of Current Portion	2,845,451	-	-	-	-	4,873,794	-	7,719,245
Notes Payable, Net of Current Portion	5,881,258	48,933,364	1,500,000	997,409	66,007	199,775,041	-	257,153,079
Interest Payable, Net of Current Portion	4,901,990	480,876	2,262,723	374,728	-	25,091,666	-	33,111,983
Total liabilities	<u>13,801,303</u>	<u>50,337,849</u>	<u>3,983,498</u>	<u>1,923,276</u>	<u>265,458</u>	<u>235,455,048</u>	<u>(802,937)</u>	<u>304,963,495</u>
Net Assets								
Net assets without donor restrictions:								
Controlling interest	(13,330,255)	(3,378,123)	551,616	850,239	6,028,746	12,524,612	-	3,246,835
Noncontrolling interest	-	-	-	-	-	63,640,750	-	63,640,750
Total net assets without donor restrictions	<u>(13,330,255)</u>	<u>(3,378,123)</u>	<u>551,616</u>	<u>850,239</u>	<u>6,028,746</u>	<u>76,165,362</u>	<u>-</u>	<u>66,887,585</u>
Net assets with donor restrictions	1,175,000	-	1,500,000	-	-	-	-	2,675,000
Total net assets	<u>(12,155,255)</u>	<u>(3,378,123)</u>	<u>2,051,616</u>	<u>850,239</u>	<u>6,028,746</u>	<u>76,165,362</u>	<u>-</u>	<u>69,562,585</u>
Total liabilities and net assets	<u>\$ 1,646,048</u>	<u>\$ 46,959,726</u>	<u>\$ 6,035,114</u>	<u>\$ 2,773,515</u>	<u>\$ 6,294,204</u>	<u>\$ 311,620,410</u>	<u>\$ (802,937)</u>	<u>\$ 374,526,080</u>

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRiseConsolidated Schedule of Financial Position - CHP Property Operations
December 31, 2023

	<u>Senator Hotel</u>	<u>San Cristina Hotel</u>	<u>Iroquois Hotel</u>	<u>Island Bay Homes</u>	<u>CHP Villages</u>	<u>Tax Credit Partnerships and LLCs</u>	<u>Total CHP Property Operations</u>
Assets							
Current Assets							
Cash and cash equivalents	\$ 115,794	\$ 19,530	\$ 689,552	\$ (7,507)	\$ 948,637	\$ 3,931,990	\$ 5,697,996
Receivables:							
Related parties, current portion	156,374	716,773	807,121	934,539	-	2,125,606	4,740,413
Rent, subsidy and others	49,948	5,809	98,577	28,702	22,549	1,669,432	1,875,017
Other grants and contributions	12,500	-	12,500	-	-	-	25,000
Prepaid expenses and deposits	<u>3,077</u>	<u>20,921</u>	<u>25,457</u>	<u>70,555</u>	<u>2,931</u>	<u>664,074</u>	<u>787,015</u>
Total current assets	337,693	763,033	1,633,207	1,026,289	974,117	8,391,102	13,125,441
Related-Party Note Receivable	-	-	-	-	-	2,425,151	2,425,151
Restricted Deposits							
Replacement, operating and other reserves	511,332	42,683	1,157,591	509,854	5,044,967	15,000,810	22,267,237
Tenant security deposits	15,896	5,763	8,735	38,333	19,550	204,026	292,303
Development-in-Progress	9,000	32,000,260	-	-	-	(79,761)	31,929,499
Fixed Assets, Net	785,502	5,810,880	3,350,237	1,328,324	142,499	301,968,487	313,385,929
Right-of-Use Assets	-	-	-	-	-	2,357,810	2,357,810
Deferred Costs, Net	-	-	-	-	-	328,147	328,147
Investment in Other Companies	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11,462,433</u>	<u>11,462,433</u>
Total assets	<u>\$ 1,659,423</u>	<u>\$ 38,622,619</u>	<u>\$ 6,149,770</u>	<u>\$ 2,902,800</u>	<u>\$ 6,181,133</u>	<u>\$ 342,058,205</u>	<u>\$ 397,573,950</u>
Liabilities and Net Assets							
Current Liabilities							
Accounts payable and accrued expenses	\$ 160,344	\$ 4,257,379	\$ 77,000	\$ 342,325	\$ 108,337	\$ 1,582,402	\$ 6,527,787
Related parties, current portion	2,363,643	379,001	-	-	640,018	10,577,889	13,960,551
Developer fee payable	-	-	-	-	-	2,406,149	2,406,149
Interest payable, current portion	18,038	196,991	-	-	-	367,139	582,168
Notes payable, net, current portion	-	28,571,497	-	-	-	298,244	28,869,741
Lease liabilities, current portion	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>11</u>
Total current liabilities	2,542,025	33,404,868	77,000	342,325	748,355	15,231,834	52,346,407
Tenant Security Deposits	16,285	20,505	16,978	32,466	19,575	272,223	378,032
Deferred Income	-	2,763	17,877	298,080	55,493	943,183	1,317,396
Notes Payable, Net of Current Portion	-	-	-	-	-	1,312,986	1,312,986
Interest Payable, Net of Current Portion	4,528,306	212,728	2,172,723	374,728	-	21,391,091	28,679,576
Lease Liabilities, Net of Current Portion	<u>5,881,258</u>	<u>5,891,797</u>	<u>1,500,000</u>	<u>997,409</u>	<u>66,007</u>	<u>200,415,180</u>	<u>214,751,651</u>
Total liabilities	<u>12,967,874</u>	<u>39,532,661</u>	<u>3,784,578</u>	<u>2,045,008</u>	<u>889,430</u>	<u>239,566,497</u>	<u>298,786,048</u>
Net Assets							
Net assets without donor restrictions:							
Controlling interest	(12,827,451)	(910,042)	865,192	857,792	5,291,703	20,057,062	13,334,256
Noncontrolling interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>82,434,646</u>	<u>82,434,646</u>
Total net assets without donor restrictions	(12,827,451)	(910,042)	865,192	857,792	5,291,703	102,491,708	95,768,902
Net assets with donor restrictions	<u>1,519,000</u>	<u>-</u>	<u>1,500,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,019,000</u>
Total net assets	<u>(11,308,451)</u>	<u>(910,042)</u>	<u>2,365,192</u>	<u>857,792</u>	<u>5,291,703</u>	<u>102,491,708</u>	<u>98,787,902</u>
Total liabilities and net assets	<u>\$ 1,659,423</u>	<u>\$ 38,622,619</u>	<u>\$ 6,149,770</u>	<u>\$ 2,902,800</u>	<u>\$ 6,181,133</u>	<u>\$ 342,058,205</u>	<u>\$ 397,573,950</u>

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Schedule of Activities and Changes in Net Assets - CHP Resident Services and Administration
Year Ended December 31, 2024

	CHP	Solution SF	5th Street Apartments	Civic Center	Total CHP Resident Services and Administration
Change in Net Assets Without Donor Restrictions					
Revenue:					
Government grants and contracts	\$ 6,026,152	\$ -	\$ 1,751,380	\$ -	\$ 7,777,532
Contributions without donor restrictions	870,938	-	-	-	870,938
Contract service income	-	25,066	-	-	25,066
Developer fees	838,406	-	-	-	838,406
Related party fees	2,072,239	-	-	-	2,072,239
Loss from investment in other companies	12,000	-	-	-	12,000
Interest and other income	220,254	1,045,199	9,940	-	1,275,393
Total revenue	10,039,989	1,070,265	1,761,320	-	12,871,574
Expenses:					
Program services	5,618,929	4,529	1,932,048	1,772,881	9,328,387
Management and general	3,600,683	-	-	-	3,600,683
Fundraising	265,895	-	-	-	265,895
Total expenses before depreciation and amortization	9,485,507	4,529	1,932,048	1,772,881	13,194,965
Change in net assets before depreciation and amortization	554,482	1,065,736	(170,728)	(1,772,881)	(323,391)
Depreciation and amortization	29,106	-	-	-	29,106
Change in net assets	525,376	1,065,736	(170,728)	(1,772,881)	(352,497)
Net Assets, Beginning	34,929,219	(1,065,736)	43,689	1,772,881	35,680,053
Net Assets, Ending	\$ 35,454,595	\$ -	\$ (127,039)	\$ -	\$ 35,327,556

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Schedule of Activities and Changes in Net Assets - CHP Resident Services and Administration
Year Ended December 31, 2023

	CHP	Solution SF	5th Street Apartments	Civic Center	Total CHP Resident Services and Administration
Change in Net Assets Without Donor Restrictions					
Revenue:					
Government grants	\$ 4,868,203	\$ -	\$ 1,632,864	\$ -	\$ 6,501,067
Contributions without donor restrictions	2,426,810	-	-	-	2,426,810
Income from loan assumption	10,270,970	-	-	-	10,270,970
Contract service income	-	274,661	-	-	274,661
Rent and subsidy income, net	8,417	-	41,577	-	49,994
Developer fees	1,381,848	-	-	-	1,381,848
Related party fees	2,558,939	178,725	-	-	2,737,664
Loss from investment in other companies	(796,122)	-	-	-	(796,122)
Interest and other income	52,741	95,157	267	-	148,165
Employee retention credit	3,777,308	-	-	-	3,777,308
Total revenue	24,549,114	548,543	1,674,708	-	26,772,365
Expenses:					
Program services	5,345,951	700,818	2,014,647	168,296	8,229,712
Management and general	4,394,628	-	-	-	4,394,628
Fundraising	418,816	-	-	-	418,816
Total expenses before depreciation and amortization	10,159,395	700,818	2,014,647	168,296	13,043,156
Change in net assets before depreciation and amortization	14,389,719	(152,275)	(339,939)	(168,296)	13,729,209
Depreciation and amortization	29,165	-	-	-	29,165
Change in net assets	14,360,554	(152,275)	(339,939)	(168,296)	13,700,044
Net Assets, Beginning	20,568,665	(913,461)	383,628	1,941,177	21,980,009
Net Assets, Ending	\$ 34,929,219	\$ (1,065,736)	\$ 43,689	\$ 1,772,881	\$ 35,680,053

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Schedule of Activities and Changes in Net Assets - CHP Property Operations

Year Ended December 31, 2024

	<u>Senator Hotel</u>	<u>San Cristina Hotel</u>	<u>Iroquois Hotel</u>	<u>Island Bay Homes</u>	<u>CHP Villages</u>	<u>Tax Credit Partnerships and LLCs</u>	<u>Total CHP Property Operations</u>
Change in Net Assets Without Donor Restrictions							
Revenue:							
Rent and subsidy income, net	\$ 1,078,016	\$ 1,395,282	\$ 1,482,017	\$ 1,732,462	\$ 1,875,180	\$ 9,870,534	\$ 17,433,491
Government grants and contracts	159,640	158,425	174,175	581,654	-	9,488,428	10,562,322
Contributions without donor restrictions	-	200,000	-	-	-	-	200,000
Loss from investments in other companies	-	-	-	-	-	(1,494,608)	(1,494,608)
Interest and other income	16,176	7,254	44,685	56,229	102,965	782,481	1,009,790
Total revenue	1,253,832	1,760,961	1,700,877	2,370,345	1,978,145	18,646,835	27,710,995
Expenses:							
Program services	1,744,365	3,706,744	1,784,471	2,099,111	1,161,693	21,854,994	32,351,378
Change in net assets before deferred interest, depreciation and amortization, and loss on disposal of assets	(490,533)	(1,945,783)	(83,594)	271,234	816,452	(3,208,159)	(4,640,383)
Deferred interest	355,646	57,929	90,000	-	-	2,603,628	3,107,203
Depreciation and amortization	625	464,369	139,982	266,787	79,409	10,782,274	11,733,446
Impairment loss	-	-	-	-	-	14,038,118	14,038,118
Total deferred interest, depreciation and amortization, and loss on disposal of assets	356,271	522,298	229,982	266,787	79,409	27,424,020	28,878,767
Change in net assets	(846,804)	(2,468,081)	(313,576)	4,447	737,043	(30,632,179)	(33,519,150)
Net Assets, Beginning	(11,308,451)	(910,042)	2,365,192	857,792	5,291,703	102,491,708	98,787,902
Capital contributions, noncontrolling interest	-	-	-	-	-	271,000	271,000
Capital distributions, noncontrolling interest	-	-	-	-	-	(13,397)	(13,397)
Capital contributions, controlling interest	-	-	-	-	-	4,048,230	4,048,230
Capital distributions, controlling interest	-	-	-	(12,000)	-	-	(12,000)
Net Assets, Ending	<u>\$ (12,155,255)</u>	<u>\$ (3,378,123)</u>	<u>\$ 2,051,616</u>	<u>\$ 850,239</u>	<u>\$ 6,028,746</u>	<u>\$ 76,165,362</u>	<u>\$ 69,562,585</u>

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRise

Consolidated Schedule of Activities and Changes in Net Assets - CHP Property Operations
Year Ended December 31, 2023

	<u>Senator Hotel</u>	<u>San Cristina Hotel</u>	<u>Iroquois Hotel</u>	<u>Island Bay Homes</u>	<u>CHP Villages</u>	<u>Tax Credit Partnerships and LLCs</u>	<u>Total CHP Property Operations</u>
Change in Net Assets Without Donor Restrictions							
Revenue:							
Rent and subsidy income, net	\$ 899,873	\$ 983,577	\$ 1,485,560	\$ 2,041,333	\$ 1,838,422	\$ 10,029,373	\$ 17,278,138
Operating subsidy grants	142,430	168,911	130,639	-	-	6,836,515	7,278,495
Loss from investments in other companies	-	-	-	-	-	(287,079)	(287,079)
Interest and other income	9,298	253	10,968	29,017	88	335,948	385,572
Total revenue	1,051,601	1,152,741	1,627,167	2,070,350	1,838,510	16,914,757	24,655,126
Expenses:							
Program services	1,732,215	1,916,732	1,518,662	2,383,808	971,520	24,779,548	33,302,485
Change in net assets before deferred interest, depreciation and amortization, and loss on disposal of assets	(680,614)	(763,991)	108,505	(313,458)	866,990	(7,864,791)	(8,647,359)
Deferred interest	355,646	-	90,000	-	-	2,195,793	2,641,439
Depreciation and amortization	425,602	146,051	132,819	244,386	108,360	10,856,509	11,913,727
Loss on disposal of assets	(52)	-	-	-	-	-	(52)
Impairment loss	3,080,147	-	-	-	-	-	3,080,147
Total deferred interest, depreciation and amortization, and loss on disposal of assets	3,861,343	146,051	222,819	244,386	108,360	13,052,302	17,635,261
Change in net assets	(4,541,957)	(910,042)	(114,314)	(557,844)	758,630	(20,917,093)	(26,282,620)
Net Assets, Beginning	(6,766,494)	-	2,479,506	1,415,636	4,533,073	48,040,169	49,701,890
Capital contributions, noncontrolling interest	-	-	-	-	-	60,227,698	60,227,698
Capital distributions, noncontrolling interest	-	-	-	-	-	(140,412)	(140,412)
Capital contributions, controlling interest	-	-	-	-	-	15,281,346	15,281,346
Net Assets, Ending	<u>\$ (11,308,451)</u>	<u>\$ (910,042)</u>	<u>\$ 2,365,192</u>	<u>\$ 857,792</u>	<u>\$ 5,291,703</u>	<u>\$ 102,491,708</u>	<u>\$ 98,787,902</u>

See report of independent auditors

Community Housing Partnership and Affiliates dba HomeRise

Schedule of Expenditures of Federal Awards

Year Ended December 31, 2024

Federal Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-Through Entity	Pass-Through Entity Identification Number	Federal Expenditures
U.S. Department of Housing and Urban Development (HUD)				
Community Development Block Grants/Special Purpose Grants/ Insular Areas (Recovery Act Funded):				
Pass-through awards:				
City and County of San Francisco, Mayor's Office of Housing: Supporting Housing Program Loan, Iroquois Hotel	14.254	City and County of San Francisco	N/A	<u>1,500,000</u>
Housing Voucher Cluster:				
Section 8 Housing Choice Vouchers:				
Pass-through awards:				
San Francisco Housing Authority : CHP Villages	14.871	City and County of San Francisco Housing Authority	N/A	<u>1,513,689</u>
Total Housing Voucher Cluster				<u>1,513,689</u>
Section 8 Project-Based Cluster:				
Pass-through awards:				
San Francisco Housing Authority:				
Project Based Rental Assistance for Island Bay	14.195	City and County of San Francisco Housing Authority	N/A	1,315,037
Project Based Rental Assistance for Iroquois	14.195	City and County of San Francisco Housing Authority	N/A	1,278,696
Section 8 Moderate Rehabilitation Single Room Occupancy for Senator	14.249	City and County of San Francisco Housing Authority	N/A	817,200
Section 8 Moderate Rehabilitation Single Room Occupancy for Cristina Hotel	14.249	City and County of San Francisco Housing Authority	N/A	<u>1,233,487</u>
Total Section 8 Project-Based Cluster				<u>4,644,420</u>
Continuum of Care Program:				
Direct award	14.267			87,385
Pass-through awards:				
City and County of San Francisco, Department of Human Services:				
Continuum of Care Rental Assistance at Scattered Sites	14.267	City and County of San Francisco	F\$P #1000021501	813,437
Integrated Services Network (ISN)	14.267	City and County of San Francisco	F\$P #1000018417	<u>164,805</u>
Total Continuum of Care Program				<u>1,065,627</u>
Total U.S. Department of Housing and Urban Development				<u>8,723,736</u>
Total Expenditures of Federal Awards				<u><u>\$ 8,723,736</u></u>

See notes to schedule of expenditures of federal awards

Community Housing Partnership and Affiliates dba HomeRise

Notes to Schedule of Expenditures of Federal Awards
Year Ended December 31, 2024

1. Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the expenditures on an accrual basis of Community Housing Partnership and Affiliates dba HomeRise (a California non-profit public benefit corporation) under programs of the federal government for the year ended December 31, 2024. The information in the Schedule is presented in accordance with the requirements of *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of the basic consolidated financial statements.

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

2. Summary of Significant Accounting Policies

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; wherein certain types of expenditures are not allowed. Assistance Listing numbers (AL No.) are provided when available.

The Organization elected not to use the de minimis indirect cost rate.

3. Outstanding Federal Grants

Expenditures reported in the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards; wherein certain types of expenditures are not allowed. Assistance Listing numbers and Pass-Through Entity Identification Numbers are provided when available.

4. Outstanding Federal Loans

The following represents the amount of outstanding loans identified by AL No. All loans are provided by HUD and are included in the Schedule.

AL No.	Program Title	Loans Received in 2024	Prior Year Loans With Continuing Compliance Requirements	Total Outstanding Loans
14.254	Community Development Block Grant/Special Purpose Grants (Recovery Act Funded)	\$ -	\$ 1,500,000	\$ 1,500,000

Community Housing Partnership and Affiliates dba HomeRise

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section I - Summary of Independent Auditors' Results

Consolidated Financial Statements

Type of report the auditor issued on whether the consolidated financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

Noncompliance material to consolidated financial statements noted?

<u> </u> yes	<u> X </u> no
-----------------------	-----------------

Federal Awards

Internal control over major programs:

Material weakness(es) identified?	<u> </u> yes	<u> X </u> no
Significant deficiency(ies) identified?	<u> X </u> yes	<u> </u> none reported

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

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a) of the Uniform Guidance?

<u> X </u> yes	<u> </u> no
------------------	----------------------

Auditee qualified as low-risk auditee?

<u> </u> yes	<u> X </u> no
-----------------------	-----------------

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

Identification of major federal programs:

Assistance Listing Numbers

Name of Federal Program or Cluster

14.195, 14.249
14.267

Section 8 Project-Based Cluster
Continuum of Care Program

Community Housing Partnership and Affiliates dba HomeRise

Schedule of Findings and Questioned Costs

Year Ended December 31, 2024

Section II - Consolidated Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

Finding 2024-1 - Internal Controls Over Financial Reporting - Significant Deficiency

Criteria: The Organization should have effective oversight controls over financial reporting and preparation of the consolidated financial statements, including the Schedule of Expenditures of Federal Awards (SEFA) by individuals with sufficient skill and knowledge at a level to identify potential errors in the financial statements. Intercompany balances should be reviewed and reconciled regularly and eliminating entries should be prepared by management. Procedures should be in place to ensure that balance sheet accounts are independently reviewed and reconciled on a monthly basis.

Condition: During the current year, the Organization did not have effective controls in place to detect errors in its consolidated financial statements, or the SEFA, on a timely basis. The Organization required significant assistance from the audit team in order to prepare the consolidated financial statements and SEFA, including assistance with reconciliation of intercompany balances and eliminating entries. As account reconciliations had not been prepared on a timely basis, several client identified and provided post close journal entries were made during the audit process, occurring in August and September 2025, significantly after year-end.

Effect or Potential Effect: Certain financial statement amounts, as originally prepared by the Organization, may be misstated.

Cause: Due to timing and staffing constraints, the Organization has chosen to have the auditors prepare its annual financial statements. The root cause of the post-closing adjustments required appears to be a breakdown in the financial reporting process related to the preparation of consistent and timely account reconciliations and financial statements, as well as the review of such reconciliations and financial statements. Timely account reconciliation preparation and review are integral to an effective internal control process, as well as the ability of management to generate consolidated financial statements and SEFA on a routine basis.

Recommendations: The Organization should follow a policy requiring the review of monthly reconciliations of all significant balance sheet accounts in order to ensure the accuracy of monthly financial statements and underlying subsidiary ledgers. Balance sheet reconciliations quickly identify errors and needed corrections. Any variances between supporting records and the balance of the general ledger need to be investigated and resolved timely. In addition, someone independent of the preparation function should review the reconciliations for content and accuracy, including challenging recurring journal entries to ensure they are appropriately capturing correct amounts and activity. In order to have a more efficient process to prepare the consolidated financial statements, management will need to develop a process for reconciling intercompany balances throughout the year as well as capturing eliminating entries. Management should also develop processes for ensuring completeness and accuracy of the SEFA and accumulating consolidated level footnote information throughout the year.

Views of Responsible Officials and Planned Corrective Action: CHP concurs with the recommendation. During the course of 2024, we have been working on updating and improving our financial policies and procedures related to every aspect of financial operations, including initiation and authorization of payments, transfers and journal entries in the financial system. CHP's updated financial policies were approved by the CHP Board Finance Committee in September 2024. CHP expects that our updated procedures and practices will result in improved financial reporting and will result in being able to prepare a timely and accurate SEFA for 2025.

Community Housing Partnership and Affiliates dba HomeRise

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Finding 2024-2 - Internal Controls Over Financial Reporting - Significant Deficiency

Criteria: CHP is required to submit its Single Audit reporting package to the Federal Audit Clearinghouse upon the earlier of 30 days after report issuance or 9 months after year end.

Condition: CHP has not submitted its Single Audit reporting package to the Federal Audit Clearinghouse timely for the years ended December 31, 2024 and 2023.

Effect or Potential Effect: There is a reasonable possibility that the late submission could affect the federal programs due to Federal awarding agencies not being timely notified of submission and potential findings.

Cause: CHP has not submitted its Single Audit reporting package to the Federal Audit Clearinghouse timely for the years ended December 31, 2024 and 2023.

Recommendations: CHP should ensure its Single Audit reporting package is submitted to the Federal Audit Clearinghouse in accordance with Uniform Guidance requirements.

Views of Responsible Officials and Planned Corrective Action: CHP concurs with the finding. We have been updating our procedures and practices to improve financial reporting and SEFA preparation and anticipate we will be able to submit a timely and accurate SEFA for 2025.

Community Housing Partnership and Affiliates dba HomeRise

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section III - Federal Award Findings and Questioned Costs

Finding 2024-3 - Internal Controls Over Rent Reasonableness - Significant Deficiency

Criteria: Internal controls should be in place to provide reasonable assurance that rents paid for with grant funds are reasonable in relation to rent being charged in the area for comparable space.

Condition: The Organization did not have a documented procedure supporting how rent reasonableness is documented and maintained in the tenant files to provide documentation of compliance with the criteria.

Questioned Costs: None

Effect or Potential Effect: The Organization could potentially not be in compliance with the requirement to ensure that grant funds to pay rent were used for reasonable rent in relation to comparable rent in the area.

Cause: The Organization did not have an adequate control in place for the review by a supervisor of to ensure documentation that reasonable rent was being charged was in each file.

Recommendations: We recommend that the Organization implement procedures for supervisor review and approval of documentation of reasonable rental rates be included in tenant files.

Views of Responsible Officials and Planned Corrective Action: CHP concurs with the finding and will be updating internal controls to include evidence of appropriate reviews and approvals of rent reasonableness.

Community Housing Partnership and Affiliates dba HomeRise

Schedule of Findings and Questioned Costs
Year Ended December 31, 2024

Section IV - Prior Year Consolidated Financial Statement Findings Required to be Reported in Accordance With Government Auditing Standards

Finding 2023-1

Criteria: CHP must ensure that proper internal controls are in place to initiate, authorize, record, process and report financial data reliably in accordance with generally accepted accounting principles (GAAP).

Condition: For the year ended December 31, 2023, prior to eliminating intercompany transactions, assets, liabilities and net assets were understated by \$13,704,907, \$107,164 and \$13,597,943, respectively. Multiple adjusting journal entries were proposed, wherein CHP was in agreement with those adjustments.

Questioned Costs: None

Effect or Potential Effect: There is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected by the entity's internal control.

Cause: Controls are not in place to ensure that the entity initiates, authorizes, records, processes and reports financial data reliably in accordance with GAAP.

Recommendations: CHP should establish proper internal controls to initiate, authorize, record, process and report financial data reliably in accordance with GAAP.

Status: See Finding 2024-1

Finding 2023-2

Criteria: CHP is required to submit its Single Audit reporting package to the Federal Audit Clearinghouse upon the earlier of 30 days after report issuance or nine months after year end..

Condition: CHP has not submitted its Single Audit reporting package to the Federal Audit Clearinghouse timely for the years ended December 31, 2024 and 2023.

Questioned Costs: None

Effect or Potential Effect: There is a reasonable possibility that the late submission could affect the federal programs due to the Federal awarding agencies not being timely notified of submission and potential findings.

Cause: CHP did not submit its Single Audit reporting package to the Federal Audit Clearinghouse timely for the years ended December 31, 2024 and 2023.

Recommendations: CHP should ensure its Single Audit reporting package is submitted to the Federal Audit Clearinghouse in accordance with Uniform Guidance requirements.

Status: See Finding 2024-2