CLEVELAND HOUSING NETWORK, INC. AND AFFILIATES

INDEPENDENT AUDITORS' REPORT

DECEMBER 31, 2009

Cohen & Company
Certified Public Accountants

Service Quality Innovation and Fun

CLEVELAND HOUSING NETWORK, INC. AND AFFILIATES

DECEMBER 31, 2009

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BOARD OF TRUSTEES
CLEVELAND HOUSING NETWORK, INC. AND AFFILIATES

Independent Auditors' Report

We have audited the accompanying consolidated statement of financial position of Cleveland Housing Network, Inc. and Affiliates as of December 31, 2009, and the related consolidated statements of activities, functional expenses, and cash flows for the year then ended. These consolidated financial statements are the responsibility of Cleveland Housing Network, Inc.'s management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2008 consolidated financial statements and in our report, dated June 4, 2009, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Cleveland Housing Network, Inc. and Affiliates as of December 31, 2009, and the changes in their net assets and their cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 4, 2010, on our consideration of Cleveland Housing Network, Inc. and Affiliates' internal control over financial reporting and our tests of their compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the basic consolidated financial statements of Cleveland Housing Network, Inc. and Affiliates taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic consolidated financial statements taken as a whole.

Cohen & Company

June 4, 2010
Cleveland, Ohio

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009, WITH COMPARATIVE TOTALS FOR 2008

ASSETS

	2009	2008
CURRENT ASSETS		
Cash and cash equivalents	$ 3,362,330	$ 4,036,654
Accounts receivable - Net		
Affiliated entities	3,990,244	5,489,239
Other	726,655	789,581
Grants and contracts	2,439,608	1,754,179
Current portion of notes receivable	2,947,458	3,687,445
Current portion of interest receivable	3,003,176	1,409,256
Inventory - Net	2,829,487	4,165,290
Prepaid and other assets	138,764	212,832
Land and buildings held for sale	3,907,469	3,225,697
	23,345,191	24,770,173
FURNITURE AND EQUIPMENT - AT COST	688,255	689,796
Less: Accumulated depreciation	552,740	549,941
	135,515	139,855
OTHER ASSETS		
Notes receivable - Long-term - Net	24,464,685	26,145,870
Mortgages receivable	1,036,041	833,179
Interest receivable - Deferred - Net	11,044,686	12,265,297
	36,545,412	39,244,346
	$ 60,026,118	$ 64,154,374

LIABILITIES

	2009	2008
CURRENT LIABILITIES		
Notes payable	$ 2,861,122	$ 6,038,430
Current portion of long-term debt	793,266	2,677,155
Current portion of deferred interest payable	70,800	94,199
Accounts payable and accrued expenses		
Trade	216,490	25,402
Affiliated entities	1,224,796	1,337,820
Other	1,215,532	1,237,217
Deferred revenue	1,543,189	1,219,212
	7,925,195	12,629,435
LONG TERM LIABILITIES		
Long-term debt	32,531,441	32,415,805
Deferred interest payable	940,957	195,620
	33,472,398	32,611,425
	41,397,593	45,240,860
COMMITMENTS AND CONTINGENCIES		
NET ASSETS		
UNRESTRICTED		
Designated	11,070,834	10,796,525
Undesignated	6,613,191	7,149,389
	17,684,025	17,945,914
TEMPORARILY RESTRICTED	119,500	142,600
PERMANENTLY RESTRICTED	825,000	825,000
	18,628,525	18,913,514
	$ 60,026,118	$ 64,154,374

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE TOTALS FOR 2008

	2009				
	Unrestricted	Temporarily Restricted	Permanently Restricted	Totals	2008 Totals
REVENUES					
Public support	$ 16,856,760			$ 16,856,760	$ 16,834,713
Rental income	1,381,049			1,381,049	878,006
Management fees - Affiliated entities	4,427,636			4,427,636	3,607,520
Interest income - Affiliated entities	2,432,327			2,432,327	2,505,923
Loss on sale of inventory and land and buildings	(633,312)			(633,312)	(958,218)
Maintenance services - Affiliated entities	916,650			916,650	1,071,079
Other interest income and miscellaneous	828,011			828,011	908,080
	26,209,121			26,209,121	24,847,103
NET ASSETS RELEASED FROM RESTRICTIONS	23,100	$ (23,100)			
Total revenues	26,232,221	(23,100)		26,209,121	24,847,103
EXPENSES					
Program services	23,887,630			23,887,630	23,547,356
Supporting services					
Management and general	994,703			994,703	962,158
Fundraising	192,793			192,793	236,509
	25,075,126			25,075,126	24,746,023
CHANGE IN NET ASSETS	1,157,095	(23,100)		1,133,995	101,080
NET ASSETS - BEGINNING OF THE YEAR	17,945,914	142,600	$ 825,000	18,913,514	18,812,434
ACQUISITION OF CONTROLLING INTEREST IN SUBSIDIARY (DEFICIT ASSUMED)	(1,418,984)			(1,418,984)	
NET ASSETS - END OF THE YEAR	$ 17,684,025	$ 119,500	$ 825,000	$ 18,628,525	$ 18,913,514

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES

YEAR ENDED DECEMBER 31, 2009, WITH COMPARATIVE TOTALS FOR 2008

	PROGRAM SERVICES					SUPPORTING SERVICES		TOTAL EXPENSES	
	Homeward	Weatherization	Partnerships and Development	Family Services and Community Training	Total Program Services	Management and General	Fundraising	2009	2008
Personnel	$ 69,064	$ 2,621,399	$ 2,977,886	$ 847,184	$ 6,515,533	$ 702,421	$ 127,928	$ 7,345,882	$ 6,589,905
Rent		77,784	77,428	44,562	199,774	36,437	3,643	239,854	245,475
Maintenance		42,661	691,055	11,051	744,767	5,904	590	751,261	681,691
Telephone and utilities	2,174	39,438	368,499	13,756	423,867	7,008	701	431,576	340,225
Equipment and supplies		253,192	87,350	46,338	386,880	31,347	4,553	422,780	287,306
Contract materials		1,450,896			1,450,896			1,450,896	748,515
Construction rehab	45,223		791,013		836,236			836,236	2,056,108
HUD discount	196,500				196,500			196,500	417,000
Housewarming materials and labor		4,271,673			4,271,673			4,271,673	3,429,938
Electric wiring materials and labor		539,759			539,759			539,759	568,446
Lead relocation and abatement		300,956			300,956			300,956	164,915
Energy assistance and water conservation materials and labor		5,521,327			5,521,327			5,521,327	5,494,750
Family development				132,289	132,289			132,289	167,860
Insurance		41,978	116,794	9,447	168,219	15,115	1,511	184,845	83,976
Professional fees	15,454	191,139	107,239	103,559	417,391	95,781	43,767	556,939	623,769
Management fees			549,793		549,793			549,793	543,052
Interest expense		1,589	157,821		159,410	92,309		251,719	182,956
Real estate tax		83	183,458	25	183,566	41	4	183,611	174,372
Loss on collection of notes receivable									760,318
Reserve for notes receivable impairment			228,583		228,583			228,583	600,000
Reserve for inventory impairment	200,000				200,000			200,000	275,000
Miscellaneous	56,565	13,876	362,714	3,179	436,334	4,710	10,096	451,140	275,685
Total expenses before depreciation and amortization	584,980	15,367,750	6,699,633	1,211,390	23,863,753	991,073	192,793	25,047,619	24,711,262
Depreciation and amortization	23,167		710		23,877	3,630		27,507	34,761
	$ 608,147	$ 15,367,750	$ 6,700,343	$ 1,211,390	$ 23,887,630	$ 994,703	$ 192,793	$ 25,075,126	$ 24,746,023

The accompanying notes are an integral part of these statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2009 AND 2008

	2009	2008
CASH FLOW PROVIDED FROM OPERATING ACTIVITIES		
Change in net assets	$ 1,133,995	$ 101,080
Noncash items included in income		
Depreciation and amortization	27,507	34,761
Forgiveness of long-term debt		(973,000)
Deferred interest income	(1,842,631)	(1,390,491)
Loss on collection of notes and accounts receivable	228,583	760,318
Loss on land and buildings held for sale	169,318	
Reserve for notes receivable impairment		600,000
Reserve for inventory impairment	200,000	275,000
Increase (decrease) in cash caused by changes in current items		
Accounts receivable - Net	1,153,106	(886,251)
Inventory - Net	1,135,803	3,749,320
Prepaid and other assets	74,068	16,988
Accounts payable and accrued expenses	56,379	455,735
Deferred revenue	323,977	363,457
Net cash flow provided from operations	2,660,105	3,106,917
CASH FLOW USED IN INVESTING ACTIVITIES		
Proceeds on sale of land and buildings held for sale	1,404,339	541,149
Renovation costs on land and buildings held for sale	(91,832)	(280,967)
Advances under notes and mortgages receivable	(2,008,369)	(679,658)
Repayment of notes, mortgages, and interest receivable	8,850	6,385
	(687,012)	(413,091)
CASH FLOW USED IN FINANCING ACTIVITIES		
Additional financing	1,870,471	13,024,715
Repayment of debt	(4,517,888)	(16,226,538)
	(2,647,417)	(3,201,823)
DECREASE IN CASH AND CASH EQUIVALENTS	(674,324)	(507,997)
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	4,036,654	4,544,651
CASH AND CASH EQUIVALENTS - END OF YEAR	$ 3,362,330	$ 4,036,654

	2009	2008
NONCASH INVESTING AND FINANCING ACTIVITIES		
Collection of notes and interest receivable via receipt of property	$ 2,207,000	$ 2,099,000
Homes transferred to lease purchase buyers in exchange for forgiveness of debt	$ 195,797	$ 385,177
Assumption of debt upon receipt of homes from affiliated partnership	$ -	$ -
Acquisition of controlling interest in subsidiary (deficit assumed)		
Cash	$ 60,917	
Accounts receivable	12,897	
Land and buildings held for sale	412,000	
Accounts payable	(70,915)	
Long-term debt	(985,450)	
Deferred interest payable	(848,433)	
	$ (1,418,984)	
SUPPLEMENTAL INFORMATION		
Interest paid	$ 369,700	$ 815,300

The accompanying notes are an integral part of these statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Operations and Presentation

The accompanying consolidated financial statements of Cleveland Housing Network, Inc. (the Network) include the accounts of its affiliate, NHI, Inc. (NHI) and its subsidiary, West One Limited Partnership (West One – 100% owned), consolidated on the basis of control and economic interest in accordance with generally accepted accounting principles (GAAP). All intercompany transactions and balances are eliminated in consolidation.

Cleveland Housing Network, Inc. is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. The Network was established for the purpose of developing affordable housing and providing housing services in the City of Cleveland and surrounding areas in partnership with its 17 neighborhood constituent community development corporations (CDCs), all of which are tax exempt. These CDCs are Buckeye Area Development Corporation, Burten Bell Carr Development Corporation, Clark-Metro Development Corporation, Detroit Shoreway Community Development Organization, Fairfax Renaissance Development Corporation, Famicos Foundation, Inc., Glenville Development Corporation, Mount Pleasant Now Development Corporation, Northeast Shores Development Corporation, Ohio City Near West Development Corporation, Shaker Square Area Development Corporation, Slavic Village Development, St. Clair-Superior Neighborhood Development Corporation, Stockyard Redevelopment Organization, Tremont West Development Corporation, Union-Miles Development Corporation, and Westown Community Development Corporation.

NHI, Inc. is an Ohio non-profit corporation exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. NHI, Inc. was established for the purpose of holding real property to be used to support the charitable activities of the Network. During 2009, NHI had no income statement activity and any assets held had no value.

West One is an Ohio limited partnership organized on September 30, 1992 to acquire, rehabilitate, own, lease and operate affordable apartment buildings totaling 60 units of low-income housing in Cleveland, Ohio. All of the units qualify for the federal low-income housing tax credit pursuant to Section 42 of the Internal Revenue Code.

Prior to 2009, the Network was the managing general partner of West One. On January 1, 2009, the other general partner and limited partner assigned their interests in West One to the Network and, therefore, the Network obtained control over West One in 2009. No consideration was given by the Network for this additional partnership interest. In accordance with GAAP, the Network recorded the acquisition of the controlling interest of West One at historical (book) value and as an adjustment to net assets in 2009.

In October 2009, West One entered into a sales agreement to sell substantially all of its assets (apartment buildings). The purchase price is $412,000. The proposed closing date of this agreement is October 1, 2011. In October 2009, West One also entered into a management agreement with the buyer. The buyer may terminate the management agreement, giving 30 days written notice (which shall result in the immediate termination of the purchase agreement). As title has not been passed to the buyer, the sale has not consummated. The assets of West One are included in land and buildings held for sale at a carrying value approximating the sales price.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Nature of Operations and Presentation (Continued)

The Network operates many different programs. They are summarized in the financial statements as follows:

Partnerships and Development (Low Income Housing)

The Network forms limited partnerships and utilizes private sector equity generated by the low income housing tax credits to acquire, develop, and lease properties with the goal of generating pathways out of poverty or providing low income individuals a 15-year pathway to homeownership. The Network receives federal, state, and local grants and loans which it in turn loans to the partnerships. Since inception, over 3,000 units have been completed.

Weatherization

These programs assist low income families in maintaining and improving the properties which they occupy. Since inception, approximately 99,000 homes have received electrical, plumbing, weatherization, furnace, and/or lead abatement improvements at no or minimal cost to the families.

Funding is provided by utility companies and federal, state, and local grants.

Homeward

This program acquires, develops, and sells properties to low and moderate income families. Since inception, approximately 1,400 homes have been developed and sold to qualifying families at affordable prices. Sale price is based on market value. Each house is completely renovated to exceed code. Through mortgage financing packages arranged by the Network, many families not otherwise able to afford home ownership become homeowners through the Homeward program.

Family Services and Community Training

These programs provide pathways out of poverty for low and moderate income households and include social services, training, and counseling. Over 350 families have received permanent housing coupled with targeted supportive services for disabled and formerly homeless households. Another 1,943 families received foreclosure prevention counseling and direct assistance that resulted in avoiding foreclosure. In addition, 11,000 adults and children have participated in financial literacy, homeownership, computer and technology, and after school learning programs available to assist families to gain lasting employment, avoid eviction, and achieve homeownership. In 2009, the Network discontinued the family services program due to the unlikelihood of continued funding.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Affiliates

The Network has 33 for-profit and not-for-profit affiliates with ownership of 25% to 100%. The sole purpose of these affiliates is to act as general partners in limited partnerships (owning .01% - 1%) which acquire, develop, operate, and sell low income housing. The Network accounts for its ownership interest in the affiliates in accordance with GAAP. The limited partners have substantive kick-out and participation rights and, accordingly, the Network has not consolidated the affiliates in these accompanying financial statements.

Income Taxes

Effective January 1, 2009, the Network and its affiliates adopted the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 740-10, which require recognition of and disclosures related to uncertain tax positions. The adoption had no affect on the Network's net assets. As of and during the year ended December 31, 2009, the Network and its affiliates do not have a liability for unrecognized tax benefits. The Network and its affiliates are no longer subject to examination by federal and state governments prior to 2006.

Comparative Totals

The financial statements include certain prior-year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the Network's financial statements for the year ended December 31, 2008, from which the summarized information was derived.

Revenue Recognition

Grants

The Network recognizes grants from governmental agencies as exchange transactions. The grants require the Network to provide services of approximate equal value to the amounts received under the grants.

The Network recognizes funds as support from grants when eligible costs are incurred. A receivable is recorded to the extent grants earned exceed cash advances. Conversely, deferred revenue is recorded when grant or contract cash advances exceed support earned. The grantors may, at their discretion, request reimbursement for unallowed expenses as a result of noncompliance by the Network with the terms of a grant. On certain grants, if advances exceed eligible costs, the funds must be returned to the grantor.

The Network received 60% of its public support from two funding sources, the Ohio Department of Development under the Electric Partnership Program and Dominion East Ohio under the Housewarming Program. Grants and contracts receivable from these two funding sources amounted to approximately 40% of grants and contracts receivable at December 31, 2009.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition (Continued)

Contributions

All contributions are considered available for unrestricted use, unless received with donor stipulations that limit the use of the assets. When the intent of the donor is that the assets are to remain in perpetuity, the assets are reported as permanently restricted. The investment income generated by these assets is reported in accordance with the donors' stipulations. Currently, all such income is designated for general operations. When a donor restriction expires, for example, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donations whose stipulations are met in the year received are recorded as unrestricted support.

Management Fees

Management fee revenue includes developer fees earned by the Network for contract and development services provided to its related limited partnerships during the pre-development and development phases of the projects. The fees are recognized upon the completion of specific performance milestones as outlined in the agreements.

Maintenance Services

Revenue from maintenance and oversight of properties is charged on a per unit basis and recognized in the year in which service is provided.

Accounts Receivable

Accounts receivable includes program service fees, escrow, grants, proceeds from houses sold, and fees and advances due from various limited partnerships. These amounts are due under various payment terms. Payments of receivables are allocated to the specific invoices (if applicable) identified on the remittance advice or, if unspecified, are applied to the earliest unpaid invoices.

The carrying amount of accounts receivable is reduced by a valuation allowance that reflects management's best estimate of the amounts that will not be collected. Management individually reviews all receivable balances that exceed 90 days from invoice date and estimates the portion, if any, of the balance that will not be collected. Additionally, management estimates an allowance for the aggregate remaining receivables based on historical collectibility. At December 31, 2009, an allowance of $261,265 has been recorded for uncollectible receivables.

Accounting Estimates

Management uses estimates and assumptions in preparing its financial statements in accordance with accounting principles generally accepted in the United States of America. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenses. Actual results could vary from the estimates that were used.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

Cash and cash equivalents include demand deposits, money market accounts, and other investments with original maturities of six months or less.

The Network's cash is held in accounts the balances of which substantially exceed the amount of related federal insurance.

Inventory - Net

Inventory includes houses held for sale with total costs of $3,996,071 under the Homeward program. Inventory includes all costs to purchase and rehabilitate these properties, including capitalized interest of $795,995 and capitalized development fees of $33,150. These development fees are charged at a set amount to each house (40% at contract, 50% at sale, and 10% at closing) which approximates the personnel costs incurred by the Network in acquiring and rehabilitating each house. At December 31, 2009, the Network has a reserve for impairment as management expects to sell the inventory for less than its cost.

Inventory – Homeward program	$ 3,996,071
Reserve for impairment	1,575,000
	2,421,071
Inventory – Other programs	408,416
Inventory – Net	$ 2,829,487

Gross sales and cost of sales for 2009 for the Homeward program were $774,700 and $1,600,560, respectively. In addition, $362,496 of grants were received to reduce the cost of the houses and the losses on the houses. These transactions are recorded net in the loss on sale of houses in the statement of activities. At December 31, 2009, there were 35 properties in Homeward inventory, including 25 vacant lots held for future development.

The balance in inventory from other programs consists of properties purchased for resale to affilaited partnerships, vacant lots, and other miscellaneous properties.

Depreciation

Depreciation of furniture and equipment is provided by use of the straight-line method over the estimated useful lives of the assets as follows:

Furniture and equipment	5 - 7 years

Land and Buildings Held for Sale

Land and buildings held for sale are properties received in payment of notes and interest receivable and are recorded at fair value at date received and held for sale to qualified low income purchasers. During 2009, a loss on the sale of certain of these properties of $169,948 was included in the loss on sale of inventory and land and buildings in the statement of activities.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Functional Allocation of Expenses

The costs of providing the various programs and other activities have been summarized on a functional basis in the statements of activities and functional expenses. Accordingly, certain costs have been allocated between program services, management and general, and fundraising.

Subsequent Events

Management has evaluated subsequent events through June 4, 2010, the date the financial statements were available to be issued.

2. NOTES RECEIVABLE

Long-term notes receivable are due from various limited partnerships in which the Network's affiliates are general partners. The partnerships acquire, develop, own, operate, lease, and provide tenants with the opportunity to purchase low-income housing. The properties are developed using low income housing tax credits. Interest rates on the notes receivable range from .5% to 8%. Certain of the notes require current payments of interest but a substantial portion of the interest is deferred until the maturity of the notes. All principal payments are deferred until the completion of the fifteen year requirement for low income housing tax credits. The due dates of the notes range from 2010 through 2034. The notes are collateralized by the assignment of investor limited partners' notes or mortgages on certain real and personal property.

At the due date of the principal, the Network expects, in substantially all cases, to receive partnership properties as repayment for these receivables. In many cases, amounts due to the City of Cleveland by the Network related to these properties are forgiven at the same time. The Network will then sell the properties to tenants or other qualified low-income purchasers.

Loss on Collection of Notes and Accounts Receivable

During 2009, the Network received properties as repayment for notes and interest receivable, which were accounted for as follows:

Fair value of homes received	$ 2,207,000
Notes receivable forgiven	(3,729,783)
Interest receivable forgiven	(1,408,600)
Related loans forgiven by City of Cleveland	2,572,745
Deferred interest forgiven by City of Cleveland	171,669
Related accounts receivable written off	(41,614)
Loss on collection	$ (228,583)

The loss on collection was charged against the reserve for future losses and the reserve was restored to an amount of $600,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

2. NOTES RECEIVABLE (Continued)

The Network reviews its long-term notes and interest receivable for impairment whenever events or changes in circumstances indicate that the value of the receivable and underlying collateral may not be recoverable. Recoverability is measured by comparison of the expected future sales price of the properties to the amount of debt estimated to be assumed and repaid. If the realizable value of the properties is considered potentially impaired, management records a reserve for an estimate of the loss. The Network has a history of receiving less than the carrying value of the receivables. Accordingly, at December 31, 2009, management has provided a reserve for future losses amounting to $600,000.

3. MORTGAGES RECEIVABLE

The Network receives federal funds to provide non-interest bearing deferred second mortgages which are used to finance the purchase of homes by low and moderate income individuals. The notes are due in full if the home buyer sells the home within the first 5 years of ownership. In years 6 through 20, a proportionate share of the loan is forgiven, and at year 20, no amount is due. Forgiveness in 2009 was approximately $23,100. At December 31 2009, the outstanding balance on these mortgages was $119,500.

The Network also provides second and third deferred mortgages to finance the purchase of homes by low and moderate income individuals. No interest is due on these loans unless they are sold within 5 years of ownership. Mortgages provided to buyers of the Homeward homes are due in full if the home buyer sells the home within the first 30 years of ownership. Provided the house is not sold for 30 years, the mortgages are forgiven. At December 31, 2009, the outstanding balance on these mortgages was $648,139.

Mortgages provided to buyers of homes in the lease-purchase program are repaid to the Network upon the sale of the home. At December 31, 2009, the outstanding balance on these mortgages was $268,402. The mortgages bear interest at 0% and mature between 2010 and upon sale of the homes.

4. NOTES PAYABLE

The Network has lines of credit with two banks and two community development lending institutions, totaling $6,900,000, of which $2,861,122 was outstanding at December 31, 2009. The interest rates are fixed at 0% and 6.75% or vary from prime (3.25%) less 3.5% to 1.25 % above prime. Approximately $4,000,000 of the total lines may be used only for acquisition and construction of properties purchased for inventory. No more than 95% of the total costs per house may be financed on these lines. Interest is payable monthly with principal to be repaid from proceeds of properties sold. Approximately $1,250,000 of the lines are unsecured. The balance of the lines are secured by land and buildings held for sale, future rents, general intangibles, receivables, and contract rights. The notes payable are classified as current liabilities in accordance with the terms of the agreements.

The lines of credit with two community development lending institutions have certain financial covenants, requiring the maintenance of a current ratio, liabilities to net worth ratio, and unrestricted net assets to total assets ratio.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LONG-TERM DEBT

Long-term debt at December 31, 2009, consists of the following:

4.5% unsecured note, payable to Local Initiatives Support Corporation (LISC) with interest payable monthly and $10,000 due upon the sale of certain property; with balance due January 2013	$ 101,720
0% - 6.5% mortgages, payable to the City of Cleveland and State of Ohio with all interest and principal deferred; due 2017 through 2037; certain of the mortgages have provisions for forgiveness of principal and interest	26,356,050
Note, payable to the City of Cleveland with no interest or principal payments through 2012; $480,000 of principal forgiven in 2012 if loan conditions met; after 2012, payments of principal and interest of 5% until obligation is repaid; collateralized by notes receivable	600,000
7.09% construction notes, payable to a bank with aggregate maximum borrowings of $2,708,000, separated into four tranches of $677,000 each. The remaining tranches are payable in full in 2010 through 2011; collateralized by assignment of leases and land and buildings held for sale	810,300
Non-interest bearing, unsecured Community Development Block Grants; the debt will be forgiven if certain provisions are met; net of $3,657,673 forgiven and considered as grant income	51,897
4% unsecured note, payable to a bank with interest payable quarterly; due July 2012	500,000
4% note, payable to a bank with interest payable quarterly, due April 2017	2,000,000
4.5% unsecured notes, payable to ESIC New Markets Partners X Limited Partnership, interest at 4.5% payable monthly; principal due December 2011	2,007,390
Note, payable to a bank with interest at prime plus .25% payable monthly; principal due November 2018; secured by receivables	447,350

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

5. LONG-TERM DEBT (Continued)

7.21% note, payable by West One to the City of Cleveland with 6.21% interest and principal deferred and 1% interest on the outstanding principal and accrued interest balance due annually; due January 2011; collateralized by land and buildings held for sale	450,000
	33,324,707
Less: Current portion	793,266
	$ 32,531,441

Future maturities of long-term debt are as follows:

2010	$ 793,266
2011	2,628,041
2012	1,100,000
After 2014	28,803,400
	$ 33,324,707

6. BOARD DESIGNATED UNRESTRICTED NET ASSETS

Unrestricted net assets at December 31, 2009, were designated by the Board of Trustees as follows:

Designated for lease purchase price leveling fund	$ 14,000
Designated for reducing the sale price of homes to future lease purchase buyers	11,056,834
	$ 11,070,834

7. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets at December 31, 2009, were restricted for the following purpose:

Hope 3 loans	$ 119,500

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

8. PERMANENTLY RESTRICTED NET ASSETS

Permanently restricted net assets are restricted to assets held in perpetuity whose income is designated for general operations.

The Network's endowment funds consist of donor restricted funds. Net assets associated with endowment funds are classified and reported based on the existence or absence of donor imposed restrictions. Endowment net assets totaling $825,000 at December 31, 2009, are classified as permanently restricted net assets due to donor restrictions. The endowment assets are non-income producing and are invested in two low-income housing projects.

There were no changes in the permanently restricted endowment assets for the year ended December 31, 2009.

9. COMMITMENTS AND CONTINGENCIES

Leases

The Network leases office space and office equipment under long-term operating leases through 2016.

Minimum annual rentals are as follows:

2010	$ 240,776
2011	244,650
2012	248,516
2013	252,385
2014	256,256
Thereafter	302,114
	$ 1,544,697

Total rent expense for office space and equipment for 2009 amounted to $239,854.

In June 2006, the Network signed a letter of intent to lease additional office space. The letter of intent states that the Network will occupy an additional 6,200 square feet of space for seven years at $12 per square foot, or approximately $6,200 per month. The new lease will contain an escalation clause. The Network expects to occupy this additional space and begin rental payments in July 2010.

Litigation

The Network is the named defendant in several pending lawsuits. The ultimate outcome of these lawsuits cannot be presently determined. In the opinion of management, the outcome of these lawsuits will not have a material effect on the Network's financial position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

10. PROFIT SHARING PLAN

The Network has a 401(k) profit sharing plan covering substantially all employees. The plan was changed effective January 2004, to allow for an employer contribution of 3% of all eligible wages. Employer contributions for 2009 amounted to $141,867. The plan also allows for additional contributions at the discretion of the Board. There were no discretionary contributions for 2009.

11. RELATED PARTY TRANSACTIONS

During the ordinary course of business, the Network conducts transactions with related parties. During 2009, the Network paid $545,991 for property management and $533,031 for weatherization to its neighborhood constituent community development corporations.

In 2009, the Network charged the affiliated partnerships $109,520 for accounting services.

In 2009, the Network gave $646,696 in grants (included in program expenses) to its affiliated partnerships.

12. GUARANTEES

The Network has guaranteed loans for seven of its affiliated partnerships as follows:

Partnership	Amount	Type of Loan
Edgewood Park	$ 500,000	Community Development Lender
Edgewood Park	$ 2,168,206	Bank
Opportunity Housing, LLC	$ 570,835	Bank
Cleveland Green Homes LP	$ 1,960,724	Bank
Cleveland Green Homes East LP	$ 3,252,107	Bank
Rainbow Place Apartments	$ 3,188,101	Bank

The term of the guarantees is the life of the loans through the construction periods, which are expected to mature by 2011. In addition to the guarantee, the loans are collateralized by mortgages on the partnerships' properties for the project. The guarantees were made to assist the partnerships in obtaining construction financing for housing projects for which the Network is the developer. The Network would be required to perform under the guarantees if the partnerships defaulted on their loans. The maximum potential amount to be owed would be the balance of the loan plus accrued interest. The Network would expect the amount due to be reduced by the proceeds of the sale of collateral.

CLEVELAND HOUSING NETWORK, INC.
AND AFFILIATES

SUPPLEMENTAL FINANCIAL INFORMATION

DECEMBER 31, 2009

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title		CFDA #	Expenditures
United States Department of Energy passed through the City of Cleveland			
Home Weatherization Assistance Program (DOE)		81.042	$ 405,878
United States Department of Energy passed through the City of Cleveland			
American Recovery and Reinvestment Act (ARRA)		81.042	1,053,815
			1,459,693
United States Department of Health and Human Services passed through the City of Cleveland			
Home Weatherization Assistance Program (HHS)		93.568	348,350
United States Department of Health and Human Services passed through the City of Cleveland			
American Recovery and Reinvestment Act (ARRA)		93.568	3,057
United States Department of Health and Human Services passed through the State of Ohio			
Home Energy Assistance Program	09-HA-135	93.568	392,922
Home Energy Assistance Program	10-HA-135	93.568	140,705
United States Department of Health and Human Services passed through the State of Ohio			
Residential Energy Assistance Challenge	07-HR-301	93.568	193,952
United States Department of Health and Human Services passed through Cuyahoga County			
Foreclosure Prevention Counseling		93.558	62,335
			1,141,321
United States Department of Housing and Urban Development passed through Cuyahoga County			
Emergency Shelter Program		14.231	10,566
United States Department of Housing and Urban Development			
Support Service-Transitional Housing Project		14.235	14,171

See accompanying note to Schedule of Expenditures of Federal Awards.

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)

YEAR ENDED DECEMBER 31, 2009

Federal Grantor/Pass-Through Grantor/Program Title	CFDA #	Expenditures
United States Department of Housing and Urban Development		
Supplemental Assistance for Facilities to Assist Homeless	14.235	125,610
United States Department of Housing and Urban Development		
Supportive Housing Program	14.235	29,915
United States Department of Housing and Urban Development passed through the City of Cleveland		
Lead Based Paint Hazard Control Program	14.900	469,885
United States Department of Housing and Urban Development passed through Cuyahoga County		
Healthy Homes Initiative	14.901	63,708
United States Department of Housing and Urban Development passed through the City of Cleveland		
Home Investment Partnership Program	14.239	578,140
United States Department of Housing and Urban Development passed through the Enterprise Community Partners		
Capacity Building Program	14.XXX	76,415
United States Department of Housing and Urban Development passed through Housing Partnership Network		
Housing Counseling Programs	14.169	125,988
		1,494,398
Total Federal Expenditures		$ 4,095,412

See accompanying note to Schedule of Expenditures of Federal Awards.

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Certified Public Accountants

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BOARD OF TRUSTEES
CLEVELAND HOUSING NETWORK, INC. AND AFFILIATES

Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards

We have audited the consolidated financial statements of Cleveland Housing Network, Inc. and Affiliates as of and for the year ended December 31, 2009, and have issued our report thereon dated June 4, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis.

A material weakness is a deficiency, or combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

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

Compliance and Other Matters

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

We noted certain other matters involving internal control over financial reporting that we reported to management of Cleveland Housing Network, Inc. and Affiliates in a separate letter dated June 4, 2010.

This report is intended solely for the information and use of management, the Board of Trustees, others within the Organization, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Cohen & Company

June 4, 2010
Cleveland, Ohio

Cohen & Company
Certified Public Accountants

Cohen & Company, Ltd.

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BOARD OF TRUSTEES
CLEVELAND HOUSING NETWORK, INC. AND AFFILIATES

Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133

Compliance

We have audited the compliance of Cleveland Housing Network, Inc. and Affiliates with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal programs for the year ended December 31, 2009. Cleveland Housing Network, Inc. and Affiliates' major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to its major federal programs is the responsibility of Cleveland Housing Network, Inc. and Affiliates' management. Our responsibility is to express an opinion on Cleveland Housing Network, Inc. and Affiliates' compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on major federal programs occurred. An audit includes examining, on a test basis, evidence about Cleveland Housing Network, Inc. and Affiliates' compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Cleveland Housing Network, Inc. and Affiliates' compliance with those requirements.

In our opinion, Cleveland Housing Network, Inc. and Affiliates complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended December 31, 2009.

Internal Control Over Compliance

The management of Cleveland Housing Network, Inc. and Affiliates is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cleveland Housing Network, Inc. and Affiliates' internal control over compliance with the requirements that could have a direct and material effect on major federal programs in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cleveland Housing Network, Inc. and Affiliates' internal control over compliance.

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

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

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

Cohen & Company

June 4, 2010
Cleveland, Ohio

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

YEAR ENDED DECEMBER 31, 2009

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued:		Unqualified
Internal control over financial reporting:		
Material weakness(es) identified?	______Yes	√ No
Significant deficiency(ies) identified not considered to be material weaknesses?	______Yes	√ None reported
Noncompliance material to financial statements noted?	______Yes	√ No

Federal Awards

Internal control over major programs:		
Material weakness(es) identified?	______Yes	√ No
Significant deficiency(ies) identified not considered to be material weaknesses?	______Yes	√ None reported
Type of auditors' report issued on compliance for major programs:		Unqualified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a)?	______Yes	√ No

Identification of major programs:

CFDA Number	Name of Federal Program or Cluster
93.568	Home Weatherization Assistance Program (HHS), Home Energy Assistance Program, Residential Energy Assistance Challenge, and ARRA
14.900	Lead Based Paint Hazard Control Program
81.042	Home Weatherization Assistance Program (DOE), ARRA
14.239	Home Investment Partnership Program

Dollar threshold used to distinguish between Type A and Type B programs:		$ 300,000
Auditee qualified as low-risk auditee?	√ Yes	______No

SECTION II – FINANCIAL STATEMENT FINDINGS

No matters were reported.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)

YEAR ENDED DECEMBER 31, 2009

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

No matters were reported.

SECTION IV – PRIOR YEAR FINDINGS AND QUESTIONED COSTS

None.

NOTE TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

YEAR ENDED DECEMBER 31, 2009

1. SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

   The accompanying schedule of expenditures of federal awards was prepared on the accrual basis of accounting.

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BOARD OF TRUSTEES
CLEVELAND HOUSING NETWORK, INC. AND AFFILIATES

Independent Auditors' Report on Supplemental Financial Information

Our report on our audit of the basic consolidated financial statements of Cleveland Housing Network, Inc. and Affiliates for 2009 appears on page 2. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The supplemental information contained on pages 29 through 37 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic consolidated financial statements, and, in our opinion, is fairly stated in all material respects in relation to the basic consolidated financial statements taken as a whole.

Cohen & Company

June 4, 2010
Cleveland, Ohio

CONSOLIDATING STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2009

	CHN	Subsidiary and Affiliate	Eliminations	Consolidated
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 3,290,139	$ 72,191		$ 3,362,330
Accounts receivable - Net				
Affiliated entities	3,997,832		$ (7,588)	3,990,244
Other	724,435	2,220		726,655
Grants and contracts	2,439,608			2,439,608
Current portion of notes receivable	2,947,458			2,947,458
Current portion of interest receivable	3,003,176			3,003,176
Inventory - Net	2,829,487			2,829,487
Prepaid and other assets	138,764			138,764
Land and buildings held for sale	3,507,240	400,229		3,907,469
	22,878,139	474,640	(7,588)	23,345,191
FURNITURE AND EQUIPMENT - AT COST				
Equipment	688,255			688,255
Less: Accumulated depreciation	552,740			552,740
	135,515			135,515
OTHER ASSETS				
Notes receivable - Long-term	24,929,563		(464,878)	24,464,685
Mortgages receivable	1,036,041			1,036,041
Interest receivable - Deferred - Net	11,062,677		(17,991)	11,044,686
	37,028,281		(482,869)	36,545,412
	$ 60,041,935	$ 474,640	$ (490,457)	$ 60,026,118

	CHN	Subsidiary and Affiliate	Eliminations	Consolidated
LIABILITIES				
CURRENT LIABILITIES				
Notes payable	$ 2,861,122			$ 2,861,122
Current portion of long-term debt	793,266			793,266
Current portion of deferred interest payable	70,800			70,800
Accounts payable and accrued expenses				
Trade	113,550	$ 102,940		216,490
Affiliated entities	1,200,946	31,438	$ (7,588)	1,224,796
Other	1,215,532			1,215,532
Deferred revenue	1,543,189			1,543,189
	7,798,405	134,378	(7,588)	7,925,195
LONG TERM LIABILITIES				
Long-term debt	32,081,441	914,878	(464,878)	32,531,441
Deferred interest payable	26,951	931,997	(17,991)	940,957
	32,108,392	1,846,875	(482,869)	33,472,398
	39,906,797	1,981,253	(490,457)	41,397,593
NET ASSETS				
UNRESTRICTED				
Designated	11,070,834			11,070,834
Undesignated	8,119,804	(1,506,613)		6,613,191
	19,190,638	(1,506,613)		17,684,025
TEMPORARILY RESTRICTED	119,500			119,500
PERMANENTLY RESTRICTED	825,000			825,000
	20,135,138	(1,506,613)		18,628,525
	$ 60,041,935	$ 474,640	$ (490,457)	$ 60,026,118

CONSOLIDATING STATEMENT OF ACTIVITIES

YEAR ENDED DECEMBER 31, 2009

	Unrestricted						
	CHN	Subsidiary and Affiliate	Eliminations	Total Unrestricted	Temporarily Restricted	Permanently Restricted	Total
REVENUES							
Public support	$ 16,856,760			$ 16,856,760			$ 16,856,760
Rental income	1,153,172	$ 227,877		1,381,049			1,381,049
Management fees - Affiliated entities	4,427,636			4,427,636			4,427,636
Interest income - Affiliated entities	2,432,327			2,432,327			2,432,327
Loss on sale of houses	(633,312)			(633,312)			(633,312)
Maintenance services - Affiliated entities	916,650			916,650			916,650
Other interest income and miscellaneous	783,261	44,750		828,011			828,011
	25,936,494	272,627		26,209,121			26,209,121
NET ASSETS RELEASED FROM RESTRICTIONS	23,100			23,100	$ (23,100)		
Total revenues	25,959,594	272,627		26,232,221	(23,100)		26,209,121
EXPENSES							
Program services	23,527,373	360,257		23,887,630			23,887,630
Supporting services							
Management and general	994,703			994,703			994,703
Fundraising	192,793			192,793			192,793
	24,714,869	360,257		25,075,126			25,075,126
CHANGE IN NET ASSETS	$ 1,244,725	$ (87,630)	$ -	$ 1,157,095	$ (23,100)	$ -	$ 1,133,995

SCHEDULE OF OHIO DEPARTMENT OF DEVELOPMENT ADMINISTERED GRANTS

YEAR ENDED DECEMBER 31, 2009

Grant Name	Number	Cash Received	Expenses Charged	Remaining Grant Balance
Housing Development Assistance Program	N-B-07-7DR-1	$ 750,000	$ 750,000	$ -
Housing Development Assistance Program	S-N-08-7DR-3	$ -	$ -	$ 396,000
Housing Development Assistance Program	S-N-08-7DR-1	$ -	$ -	$ 750,000
Housing Development Assistance Program	S-N-08-7DR-2	$ -	$ -	$ 508,000
Housing Trust Fund	D-07-505-9	$ 145,500	$ 145,500	$ -
Housing Trust Fund	H-07-505-1	$ 270,712	$ 274,608	$ 69,392
Housing Trust Fund	R-08-505-1	$ 28,919	$ 33,913	$ 41,087

SCHEDULE OF LONG-TERM NOTES RECEIVABLE

DECEMBER 31, 2009

Description	Amount	Interest Rate	Maturity Date
Cleveland Housing Network Limited Partnership XI	$ 2,187,806	AFR (6.46%)	December 2010
Cleveland Housing Network Limited Partnership XI	447,350	Prime	December 2010
Cleveland Housing Network Limited Partnership XII	600,000	7.13%	July 2022
Cleveland Housing Network Limited Partnership XII	173,302	1%	December 2022
Cleveland Housing Network Limited Partnership XII	1,976,106	7.13%	December 2022
Cleveland Housing Network Limited Partnership XII	154,125	7.13%	December 2022
Cleveland Housing Network Limited Partnership XIII	1,843,125	6.42%	December 2023
Cleveland Housing Network Limited Partnership XIII	310,000	6.42%	December 2024
Cleveland Housing Network Limited Partnership XIV	2,689,397	7%	December 2024
Cleveland Housing Network Limited Partnership XIV	122,400	.50%	December 2024
Cleveland Housing Network Limited Partnership XIV	300,000	6%	December 2024
Cleveland Housing Network Limited Partnership XV	1,749,516	5.30%	December 2025
Cleveland Housing Network Limited Partnership XV	300,000	5.30%	December 2029
Cleveland Housing Network Limited Partnership XVI	1,750,000	5% (Deferred)	December 2026
Cleveland Housing Network Limited Partnership XVII	516,000	8.00%	December 2027

SCHEDULE OF LONG-TERM NOTES RECEIVABLE (Continued)

DECEMBER 31, 2009

Description	Amount	Interest Rate	Maturity Date
Cleveland Housing Network Limited Partnership XVII	300,000	8.00%	December 2031
Cleveland Housing Network Limited Partnership XVIII	525,336	8.00%	December 2031
Cleveland Housing Network Limited Partnership XVIII	300,000	7.00%	December 2032
Cleveland Housing Network Limited Partnership XVIII	300,000	2.00%	December 2032
Cleveland Housing Network Limited Partnership XIX	750,000	5% (Deferred)	December 2029
Cleveland Housing Network Erieview Homes I, Ltd.	446,000	5% (Deferred)	December 2029
Cleveland Housing Network Limited Partnership XX	1,850,000	5% (Deferred)	December 2030
Cleveland Housing Network Limited Partnership MF2	32,824	1%	December 2010
New Construction Limited Partnership I	300,000	8.01%	November 2026
New Construction Limited Partnership II	300,000	1%	December 2028
New Construction Limited Partnership II	300,000	7.04%	December 2028
Erie Square LP	500,000	5% (Deferred)	December 2030
New Construction Limited Partnership III	516,000	.25%	December 2031
Cleveland Housing Network Limited Partnership XXI	1,500,000	5% (Deferred)	December 2021
Erieview Homes II LP	1,005,668	7%	December 2033
Stockyard Homes LP	735,000	5.25%	December 2033

SCHEDULE OF LONG-TERM NOTES RECEIVABLE (Continued)

DECEMBER 31, 2009

Description	Amount	Interest Rate	Maturity Date
Slavic Village Homes LP	545,233	7%	December 2033
Cleveland New Homes LP	806,421	5% (Deferred)	December 2027
Cleveland Green Homes East LP	399,720	.5%	January 2040
Cleveland Green Homes LP	176,419	.5%	January 2040
Edgewood Park LP	750,000	2%	December 2037
Notes due from Houseco	554,395		
	28,012,143		
Less: Current portion	2,947,458		
Less: Reserve for impairment	600,000		
	$ 24,464,685		

SCHEDULE OF NOTES PAYABLE

DECEMBER 31, 2009

Payee	Interest Rate	Due Date	Total Available Line of Credit	Amount Outstanding at December 31, 2009
Enterprise Community Loan Fund	6.75%	August 2011	$ 750,000	$ -
Enterprise Community Loan Fund	0%	August 2011	250,000	-
Key Bank	Prime – 3.5%	May 2011	3,000,000	2,334,258
Key Bank	Prime	July 2010	1,000,000	103,986
Village Capital Corporation	6%	July 2010	1,000,000	83,042
Fifth Third Bank	Prime + .5%	April 2010	500,000	-
Key Bank	Prime + 1.25%	July 2010	400,000	339,836
			$ 6,900,000	$ 2,861,122

SCHEDULE OF LONG-TERM DEBT

DECEMBER 31, 2009

Description	Interest Rate	Due Date	Amount
Mortgages Payable to City of Cleveland and State of Ohio			
P1	0%	*	$ 17,500
P2	0%	*	15,000
P5	6.5% (Deferred)	*	18,600
P6	6.5% (Deferred)	*	23,050
P7	2%	*	113,502
P7 (State)	0%	2032	80,000
P8	1%	*	226,083
P8 (State)	0%	2033	160,000
P8 (State)	0%	2017	151,504
P11	0%	2020	2,477,764
P12	0%	2022	2,400,000
P13	0%	2023	1,532,640
P13 (State loan)	0%	2025	310,000
P14 (State loan)	0%		300,000
P14	0%	2024	2,601,831
P15 (State loan)	0%		300,000
P15	0%	2025	1,749,516
P16	0%	2026	1,750,000
P17	0%	2017	516,000
P17 (State loan)	0%		300,000
P18	0%	2028	492,000
P18 (State loan)	0%		300,000
P19/Erieview Homes	0%	2029	1,130,000
P20	0%	2030	1,850,000
NC1	1%	2026	300,000
NC2	0%	2031	300,000
NC2 (State loan)	0%		300,000
Cleveland New Homes	0%	2027	806,421
P21	0%	2031	1,500,000
NC3	0%	2033	516,000
MF1	3%	2020	172,500
Erie Square	0%	2037	500,000
Erieview Homes II	0%	2034	750,000
Slavic Village Homes	0%	2034	335,000
Stockyard Homes	0%	2033	735,000
Cleveland Green Homes	0%	2039	176,419
Cleveland Green East	0%	2040	399,720
Edgewood Park (State)	2%	2038	750,000
			$ 26,356,050

** Interest and principal to be forgiven upon tenant's exercise of the lease purchase provision.*

SCHEDULE OF LONG-TERM DEBT (Continued)

DECEMBER 31, 2009

Description	Interest Rate	Due Date	Amount
CDBG Loans Payable			
Year 14	0%	Due upon sale	$ 4,500
Year 15	0%	Due upon sale	9,320
Year 16	0%	Due upon sale	38,077
			$ 51,897