



Community Housing & Resources, Inc. Coast & Islands Community Land Trust, Inc.

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REPORT TO THE CITY COUNCIL ACCOMPANYING THE 2012FY AUDIT

Our organization has completed this year's financial audit. This past year's audit revealed some areas that needed attention. Our organization has been working diligently over the past year to address these areas. You will see in the audit and this report the results of our efforts.

Along with the audit documents we felt it prudent to share with our City Council the story behind the numbers. It is important that you know the actions that have been taken resulting in these numbers. The Board of Directors appreciates your confidence in our current board and the relationship that we have with our city government.

1. The CHR Board approved the 2012 FY Operating Budget at its November 14, 2011 meeting. The approved budget was based on conservative assumptions and adjustments tied to the prior years' actual revenues and expenses. Higher revenues were projected based on plans to increase our fundraising effort in regard to grants and donations. The projected revenue did not include the anticipated increase in revenues due to the elimination of utility allowances. Based on actual results through January 31st, the Board approved budget amendments to projected revenues and expenses for the remainder of the year in order to maintain a balanced budget.
2. The Centre Place, Riverview and Belding loans, all of which are held by SanCap Community Bank (SCCB), were modified to provide the necessary extensions and cross collateralizations. Additionally, the Centre Place loan was converted from an interest only construction loan to a 25 year mortgage with monthly principal and interest payments. These principal and interest payments will be reduced as we experience the closing of the remaining Centre Place units.
3. Limited Equity Ownership home at 1486 Centre Place was closed on December 16, 2011. Reducing our loan balance at SCCB by almost \$139,000 down to \$1,246,000. The home at 1483 Centre Place is scheduled to close on February 21st, which will result in a further reduction of \$146,000 bringing the SCCB loan balance down to \$1,100,000. After closing of the home at 1483 our monthly principal and interest payment will be reduced from \$9,400 a month to \$7,600 a month.

We have two Centre Place homes remaining. One home went under contract on 2/16/12 and another which is being considered by a well qualified prospect. Upon closing of these two



Centre Place homes the SCCB loan balance will be reduced to about \$770,000 and have an ongoing monthly principal and interest payment of approximately \$5,700. This has been anticipated as the continued payment for the construction loan on the six rental units at Centre Place.

The CHR Board has elected to convert the 3-bedroom single family home at Sanibel Highlands to a Limited Equity Ownership home. This home will be owned by one of our long term rental clients. This will require securing a minor subdivision approval consistent with the prior subdivision of the duplex at Sanibel Highlands into two LEO units and securing a mortgage for the existing tenant to become a Limited Equity Owner. We expect that this process will be completed sometime in May or June of 2012, and will result in \$80,000 to \$95,000 of net cash being available to CHR.

4. The CHR Board has approved passing through the actual cost of sewer and trash removal to our tenants. For some time tenants have been paying 8% to 11% less than the actual cost paid by CHR for these services. In one complex the tenants were not charged at all for these services but will now be charged for them. The pass through of the full cost of these services, at their current level or as they may be raised or lowered in the future, will become a tenant obligation as each tenant renews and/or new leases for new tenants are signed. After the next renewal of a lease, such increases will be billed as they occur. This program change will provide an increase of about \$9,000 on a fiscal year basis; however in FY 2012 because the implementation will occur throughout the year upon renewal of each lease, CHR expects to recover about \$4,000.

5. The Executive Committee and Board of Directors have carefully examined the actual costs of operation of our complexes as well as the history of utility allowances for tenants within the present rent structure. Information from Lee County Affordable Housing and SHIP Administration indicates that utility allowances are no longer required for properties receiving grants toward their construction/repairs from SHIP.

The Board approved eliminating the utility allowances effective with each lease renewal. Utility allowances have ranged from \$ \$50 to \$166 per month and their elimination will result in \$20-30,000 this fiscal year and \$130 to \$140,000 in future fiscal years.

Some of our tenants have seen this as an unjustified rent increase and have had opportunity to express their concerns and hear the rationale at a Board meeting and 6 meetings of tenants in all complexes.

The Board recognized that this step affects 11-13% of our tenants in a significant manner. A Sponsorship Grant Reserve account has been established and a plan is underway to secure additional private contributions to provide some help for those in the "extremely low income" category.

Attached are the results of a recent rent survey comparing Sanibel/Near Sanibel/CHR and the 2011 Rent Limits from Florida Housing Finance Corporation (SHIP). As you will see in the attachment, CHR continues to provide below market rate housing for our community.

6. Last spring, in an effort to secure additional cash to cover long overdue accounts payable the CHR Board decided to sell an asset, the single family Belding home which is located in the Belle Meade subdivision. This home closed in January of 2012. After paying off the loan to SCCB of approximately \$71,000, SHIP and City of Sanibel sewer assessment liens on the property, closing costs and commissions, CHR netted slightly more than \$130,000. CHR used a portion of these funds to pay off past due accounts at favorably discounted amounts. We are in the process of negotiating similar discounted amounts with the remaining long term payees. CHR has \$40,000 cash reserved for that purpose.

CHR also deployed about \$40,000 from this closing to the payment of 2nd quarter operational expenses to reduce the strain on cash flow that CHR has had to manage over the past 18 months.

We are particularly delighted to have a former CHR tenant from a number of years ago be the individual who purchased the Belding home. An added benefit that speaks to our mission!

7. As of January 31, 2012 CHR's accounts payable totaled \$110,993.24, of which \$69,426.64 is older than 90 days, compared to \$ 235,816.21 of which \$130,119.65 were older than 90 days a Feb.28, 2011.

Before the end of March we expect to have all but one of our more than 60 day past due accounts paid, and that one remaining account is on a negotiated monthly payment plan which we are handling out of our operating account.

8. As of January 31, 2012: 68 of CHR's 73 rental units were filled, 5 were under repair or in rehabilitation and we have 31 applications on file.

9. A newly revised Tenant Policy Manual is now in place.

10. The Board elected to initiate a search for a new Executive Director in December. As of February 25, thirty-five candidates' resumes have been reviewed and 5 applicants have been interviewed by phone. Two of those interviewed will be seen in person. The board expects to make a decision by the end of this month (February 29, 2012).

11. A new Buildings and Grounds Committee has been busy identifying potential volunteers to join our new volunteer "Resource Rangers" to take on routine maintenance work across the units to assist our one part time maintenance man. In January the committee also obtained assistance from "The Hammerheads" in renovating two apartments that are now occupied. Sanibel Zontians also picked up their paint brushes to help with getting one of our properties ready. Several local contractors have stepped up to offer additional help with our properties.

12. Our LEO Committee has worked closely with a well-oiled Homeowner's Association, and has addressed all the items on the punch lists for these properties.

13. Over past fifteen months, the Board has put into place a series of policies, many of which were recommended in the Management Letter in to 2011FY Audit:

- Capitalization
- Records Retention
- Depreciation
- Personnel Policies (revised)
- Purchasing
- Transparency
- Standard Orders for Bids on Reoccurring Maintenance Projects
- CHR-CICLT Relationships
- Whistleblower

We are currently at work on an Indirect Costs Policy.

Board of Community Housing & Resources

Richard Johnson, President

Raymond Pavelka, Vice President

Armand Ball, Secretary

John Morley, Treasurer

Dorothy Donaldson, Buildings & Grounds

Tom Gilhooley, Nominating/HOA Board

Phil Marks, LEO and HOA

February 27, 2012

Rent Survey done by CHR on 02/06/12

TABLE 1

**Median Rents for Annual Rentals, On and Nearby Sanibel
Compared with Average CHR Rents as of February 6, 2012**

Size	On Sanibel	Nearby Sanibel	CHR
Studio			\$363.00
1 Bedroom	\$1,050.00	\$767.00	\$252.00
2 Bedrooms, 1 bath	\$1,300.00	\$972.00	\$522.00
2 Bedrooms, 2 or more baths	\$2,100.00	\$1,085.00	\$522.00
3 Bedrooms	\$1,875.00	\$1,211.00	\$919.00

Source: On Island - Annual rentals available in Island Sun and Island Reporter.
Off Island – Annual rentals available at Iona Lakes Apartment

TABLE 2

**2011 Rent Limits for Florida Housing Finance Corp.
State Housing Initiatives Program (SHIP)
Lee County
Cape Coral-Fort Myers**

Size	Percentage Category	Number of Bedrooms in Unit			
		0	1	2	3
Extremely Low	30%	\$ 308	\$ 330	\$ 396	\$ 458
Very Low	50%	\$ 513	\$ 550	\$ 660	\$ 761
Low	80%	\$ 821	\$ 880	\$1,056	\$1,220
Moderate	120%	\$1,233	\$1,320	\$1,584	\$1,828

**COMMUNITY HOUSING AND
RESOURCES, INC.**

**FINANCIAL STATEMENTS AND SUPPLEMENTARY
INFORMATION TOGETHER WITH
REPORT OF INDEPENDENT AUDITOR**

**YEARS ENDED
SEPTEMBER 30, 2011 AND 2010**

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Affiliations

Florida Institute of Certified Public Accountants
American Institute of Certified Public Accountants
Private Companies Practice Section
Tax Division

INDEPENDENT AUDITOR'S REPORT

Board of Directors
Community Housing and Resources, Inc.
2401 Library Way
Sanibel, Florida 33957

We have audited the accompanying statements of financial position of Community Housing and Resources, Inc. (a not-for-profit organization) as of September 30, 2011 and 2010, and the related statements of activities, functional expenses, and cash flows for the years then ended. These financial statements are the responsibility of Community Housing and Resources, Inc.'s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 audits provide a reasonable basis for our opinion.

As more fully described in NOTE A to the financial statements, financial accounting standards require entities with common managerial, operational and financial control to be combined and reported as a single economic and financial entity. In accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958-810-50-1 (formerly SOP 94-3, "Reporting of Related Entities by Not-for-Profit Organizations") for financial reporting purposes, Community Housing and Resources, Inc. and Coast and Island Community Land Trust, Inc. are considered to be such a single economic and financial entity. Coast and Island Community Land Trust simply acts as a land trust and holds title and/or land leases to certain land on which Community Housing and Resources, Inc. carries out its mission. Within these financial statements the entities will be collectively referred to as Community Housing Resources, Inc. These financial statements do include the assets, liabilities, net assets and changes in net assets of both entities.

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In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Community Housing and Resources, Inc. as of September 30, 2011 and 2010 and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note O to these financial statements, management of Community Housing and Resources, Inc., subsequent to the issuance of the prior year financial statements as of and for the year ended September 30, 2010, discovered facts that resulted in an understatement of legal fees (reported as professional fees) and accounts payable of \$27,680 in those financial statements. Accordingly, the September 30, 2010 financial statements, herein, have been restated to correct the error.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements of Community Housing and Resources, Inc. taken as a whole. The accompanying Supplementary Information - Statement of Activities by CHR - year ended September 30, 2011 and Statement of Activities by CHR - year ended September 30, 2010, is presented for purposes of additional analysis and is not a required part of the financial statements in conformity with accounting principles generally accepted in the United States of America but is required by an agreement with the City of Sanibel dated September 5, 2007. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Tuscan & Company, P.A.

TUSCAN & COMPANY, P.A.
Fort Myers, Florida
January 20, 2012

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2011 and 2010

ASSETS	2011	2010 (as restated)
CURRENT ASSETS		
Cash and cash equivalents (including restricted cash of \$38,359 and \$9,408, respectively)	\$ 43,651	\$ 17,225
Accounts receivable	6,349	5,482
Due from Lee County - SIFR	-	5,112
Inventory	872,000	872,000
Prepays and deposits	20,877	48,041
TOTAL CURRENT ASSETS	942,877	947,860
PROPERTY AND EQUIPMENT, NET (Accumulated depreciation of \$2,178,330 and \$2,014,990 respectively)	5,569,298	5,832,447
TOTAL OTHER ASSETS	5,569,298	5,832,447
TOTAL ASSETS	\$ 6,512,175	\$ 6,780,307
 LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Current portion of long-term debt	\$ 104,433	\$ 1,671,590
Accounts payable	261,585	196,146
Accrued liabilities	1,847	18,657
Deferred revenue	3,812	4,280
Security deposits	35,900	41,625
TOTAL CURRENT LIABILITIES	407,577	1,932,298
OTHER LIABILITIES		
Accrued compensation	11,866	12,229
Long-term debt, net of current portion	2,140,231	779,354
LEO appreciation liability	38,933	-
TOTAL OTHER LIABILITIES	2,191,030	791,583
COMMITMENTS AND CONTINGENCIES		
	-	-
TOTAL LIABILITIES	2,598,607	2,723,881
NET ASSETS		
Unrestricted	3,911,109	4,088,643
Temporarily restricted (deficit)	2,459	(32,217)
TOTAL NET ASSETS	3,913,568	4,056,426
TOTAL LIABILITIES AND NET ASSETS	\$ 6,512,175	\$ 6,780,307

The accompanying notes are an integral part of this statement.

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENTS OF ACTIVITIES
Years ended September 30, 2011 and 2010

	2011		
	Unrestricted	Temporarily Restricted	Total
CHANGES IN NET ASSETS			
SUPPORT AND REVENUE			
State grants - SHIP	\$ -	\$ 17,784	\$ 17,784
Federal grants - CDBG HOME	-	-	-
Unit sales	256,000	-	256,000
City of Sanibel support	-	255,044	255,044
Rent and utility contribution	552,295	-	552,295
Public support	33,075	-	33,075
Interest income	24	-	24
Other income	9,742	-	9,742
TOTAL SUPPORT AND REVENUE	851,136	272,828	1,123,964
Net Assets Released from Restrictions	238,152	(238,152)	-
TOTAL	1,089,288	34,676	1,123,964
EXPENSES			
Program services	1,196,566	-	1,196,566
Supporting services	70,256	-	70,256
TOTAL EXPENSES	1,266,822	-	1,266,822
INCREASE (DECREASE) IN NET ASSETS	(177,534)	34,676	(142,858)
NET ASSETS, BEGINNING OF YEAR	4,088,643	(32,217)	4,056,426
NET ASSETS, END OF YEAR	<u>\$ 3,911,109</u>	<u>\$ 2,459</u>	<u>\$ 3,913,568</u>

The accompanying notes are an integral part of this statement.

2010 (as restated)		
<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
\$ -	\$ 568,469	\$ 568,469
-	70,000	70,000
1,297,754	-	1,297,754
-	247,616	247,616
566,286	-	566,286
20,959	-	20,959
1,132	-	1,132
<u>8,012</u>	<u>-</u>	<u>8,012</u>
1,894,143	886,085	2,780,228
<u>993,290</u>	<u>(993,290)</u>	<u>-</u>
<u>2,887,433</u>	<u>(107,205)</u>	<u>2,780,228</u>
3,200,037	-	3,200,037
<u>146,399</u>	<u>-</u>	<u>146,399</u>
<u>3,346,436</u>	<u>-</u>	<u>3,346,436</u>
(459,003)	(107,205)	(566,208)
<u>4,547,646</u>	<u>74,988</u>	<u>4,622,634</u>
<u>\$ 4,088,643</u>	<u>\$ (32,217)</u>	<u>\$ 4,056,426</u>

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
Years Ended September 30, 2011 and 2010

FUNCTIONAL EXPENSES	2011			
	Program Services	SUPPORTING SERVICES		
		Admin.	Fund Raising	Total Supporting Services
Compensation and related expenses				
Salaries	\$ 141,894	\$ 31,595	\$ -	\$ 31,595
Fringe benefits	25,761	5,736	-	5,736
Payroll taxes	12,716	2,831	-	2,831
	180,371	40,162	-	40,162
Accounting	60,966	6,774	-	6,774
Advertising and promotion	1,474	-	-	-
Bad debt	-	-	-	-
Bank charges	1,507	167	-	167
CICLT expense	13,749	-	-	-
City of Sanibel rental payment	50,000	-	-	-
Communication and web page	1,831	204	-	204
Contract labor	1,913	1,912	-	1,912
Cost of units sold	69,109	-	-	-
Credit verification	835	-	-	-
Grants to individuals	51,583	-	-	-
Homeowners association fees	11,435	-	-	-
Insurance	89,898	9,705	-	9,705
Interest	151,611	-	-	-
LEO appreciation	38,933	-	-	-
Licenses and fees	770	-	-	-
Loss on disposal of assets	-	122	-	122
Miscellaneous	1	175	-	175
Office expense	1,149	128	-	128
Printing	707	707	-	707
Professional fees	14,733	-	-	-
Property taxes	5,689	-	-	-
Rent	36,163	-	-	-
Repairs and maintenance	74,267	4,079	-	4,079
Tenant assistance activities	6,036	-	-	-
Travel	4,180	-	-	-
Utilities	83,136	4,376	-	4,376
TOTAL EXPENSES				
BEFORE DEPRECIATION	952,046	68,511	-	68,511
Depreciation and amortization	244,520	1,745	-	1,745
TOTAL EXPENSES	<u>\$ 1,196,566</u>	<u>\$ 70,256</u>	<u>\$ -</u>	<u>\$ 70,256</u>

The accompanying notes are an integral part of this statement.

2010 (as restated)					
SUPPORTING SERVICES					
Total Expenses	Program Services	Admin.	Fund Raising	Total Supporting Services	Total Expenses
\$ 173,489	\$ 179,041	\$ 65,906	\$ -	\$ 65,906	\$ 244,947
31,497	46,898	17,263	-	17,263	64,161
<u>15,547</u>	<u>15,699</u>	<u>5,779</u>	<u>-</u>	<u>5,779</u>	<u>21,478</u>
220,533	241,638	88,948	-	88,948	330,586
67,740	38,004	4,223	-	4,223	42,227
1,474	4,115	-	-	-	4,115
-	3,233	359	-	359	3,592
1,674	1,702	-	-	-	1,702
13,749	7,329	-	-	-	7,329
50,000	62,500	-	-	-	62,500
2,035	7,945	-	-	-	7,945
3,825	17,758	17,758	-	17,758	35,516
69,109	1,575,446	-	-	-	1,575,446
835	1,128	-	-	-	1,128
51,583	303,191	-	-	-	303,191
11,435	11,775	-	-	-	11,775
99,603	136,762	15,392	-	15,392	152,154
151,611	136,678	-	-	-	136,678
38,933	-	-	-	-	-
770	4,246	-	-	-	4,246
122	-	-	-	-	-
176	12,088	650	-	650	12,738
1,277	2,701	300	-	300	3,001
1,414	626	625	-	625	1,251
14,733	113,092	-	-	-	113,092
5,689	8,251	-	-	-	8,251
36,163	91,115	-	-	-	91,115
78,346	80,648	8,654	-	8,654	89,302
6,036	10,633	-	-	-	10,633
4,180	8,548	-	-	-	8,548
<u>87,512</u>	<u>76,726</u>	<u>8,525</u>	<u>-</u>	<u>8,525</u>	<u>85,251</u>
1,020,557	2,957,878	145,434	-	145,434	3,103,312
<u>246,265</u>	<u>242,159</u>	<u>965</u>	<u>-</u>	<u>965</u>	<u>243,124</u>
<u>\$ 1,266,822</u>	<u>\$ 3,200,037</u>	<u>\$ 146,399</u>	<u>\$ -</u>	<u>\$ 146,399</u>	<u>\$ 3,346,436</u>

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENTS OF CASH FLOWS
Years ended September 30, 2011 and 2010

	2011	2010 (as restated)
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from grants - State	\$ 15,284	\$ 570,969
Cash received from grants - Federal	-	70,000
Cash received from donors, tenants, homebuyers, and other operating activities	1,096,966	1,540,161
Cash paid to suppliers, cost of sales and employees	(707,962)	(1,501,503)
Interest paid	(151,611)	(189,880)
Interest received	24	1,132
Other income	9,742	8,012
	<u>262,443</u>	<u>498,891</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES		
CASH FLOWS FROM INVESTING ACTIVITIES		
Redemption of certificates of deposit	-	78,040
Purchase of property and equipment	(29,737)	(865,977)
Payments for developments in progress	-	-
	<u>(29,737)</u>	<u>(787,937)</u>
NET CASH USED IN INVESTING ACTIVITIES		
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of principal on long-term debt	(206,280)	(939,923)
Proceeds from issuance of debt	-	1,075,409
Proceeds from line of credit borrowings	-	-
	<u>(206,280)</u>	<u>135,486</u>
NET CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
NET INCREASE (DECREASE) IN CASH	26,426	(153,560)
CASH, BEGINNING OF YEAR	<u>17,225</u>	<u>170,785</u>
CASH, END OF YEAR	<u>\$ 43,651</u>	<u>\$ 17,225</u>

The accompanying notes are an integral part of this statement.

**RECONCILIATION OF INCREASE (DECREASE)
IN NET ASSETS TO NET CASH PROVIDED
BY (USED IN) OPERATING ACTIVITIES**

	2011	2010 (as restated)
Increase (decrease) in net assets	\$ (142,858)	\$ (566,208)
Adjustments to reconcile increase (decrease) in net assets to net cash provided by operating activities		
Depreciation	246,265	243,124
Non-cash increase in LEO appreciation liability	38,933	-
(Increase) decrease in accounts receivables, net	(867)	(4,645)
(Increase) decrease in due from Lee County - SIFR	5,112	(5,112)
(Increase) decrease in other receivables	-	7,329
(Increase) decrease in inventory/cost of sales	46,621	616,698
(Increase) decrease in prepaids and deposits	27,164	21,743
Increase (decrease) in accounts payable	65,439	181,070
Increase (decrease) in accrued liabilities	(16,810)	10,020
Increase (decrease) in accrued compensated absences	(363)	(12,310)
Increase (decrease) in deferred revenue - grant	(2,500)	2,500
Increase (decrease) in deferred revenue - rent	2,032	1,780
Increase (decrease) in security deposits	(5,725)	2,902
	<u>405,301</u>	<u>1,065,099</u>
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	<u>\$ 262,443</u>	<u>\$ 498,891</u>

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations

Community Housing and Resources, Inc. ("Community Housing and Resources or CHR ") is a nonprofit Florida corporation located on Sanibel Island, Florida ("Island"). The Organization's objective is to promote and assist in the provision of affordable below market-rate work force housing for individuals working on Sanibel Island, and certain other residents who would otherwise be unable to live on the Island. Specifically, Community Housing and Resources operates two (2) programs to meet its mission. As such, CHR provides below market-rate rental opportunities for the Island workforce as well as a partially subsidized home ownership program. CHR owns and operates housing units on the Island of Sanibel in which it operates and manages these programs. To a much lesser degree it acts as rental agent to place the targeted client population in third-party homes, although this program is being eliminated.

CHR, generally, leases land on a long-term basis from the City of Sanibel for \$1 per year, then builds housing units on the land to rent and/or sell. CHR did buy one land parcel (Centre Place) and built housing units it intends to sell and rent. As part of this effort, CHR formed a separate not-for-profit organization - Coast and Island Community Land Trust "CICLT". Although CICLT is a separate not-for-profit Florida corporation, it has no independent financial activity from that of CHR except to act as a land trust and hold title and/or land leases to certain land on which CHR carries out its mission.

CHR and CICLT meet the criteria for consolidation in accordance with the auditing and accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standard Codification ("ASC") FASB ASC 958-810-50-1. Accordingly, these financial statements include the financial activity, financial results of operations, assets, liabilities and net assets of both CHR and CICLT, hereafter, collectively known as Community Housing Resources or CHR.

These financial statements, however, do not include the assets, liabilities, net assets or results of operations of Sanibel Land Trust Homeowners Associations, Inc., an HOA established to operate as a Homeowner Association for the CHR run locations where housing units were sold. The HOA operations did commence in calendar year 2011. The HOA has a calendar year fiscal year. CHR's Centre Place, Beach Road and Whitehall housing units, both rental and sale units, are included in the HOA.

NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following is a summary of the significant accounting policies used in the preparation of these financial statements:

Basis of Accounting

Community Housing and Resources prepares its financial statements on the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. The accounting and reporting policies of Community Housing and Resources are in accordance with the auditing and accounting standards issued by the Financial Accounting Standards Board ("FASB") in the Accounting Standard Codification (ASC).

Financial Statement Presentation

The accounting and reporting policies of Community Housing and Resources are in accordance with the auditing and accounting standards issued by the American Institute of Certified Public Accountants in its audit guide, "Not-for-Profit Organizations," under the provisions for Voluntary Health and Welfare Organizations. As noted previously, these financial statements also include the financial activity, assets, liabilities and net assets of CICLT.

Community Housing and Resources reports its financial statements in accordance with the Not-For-Profit Entities Topic of the FASB ASC. This topic requires Community Housing Resources to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. In addition, Community Housing and Resources is required to present a statement of cash flows. Community Housing and Resources had no permanently restricted net assets as of September 30, 2011 or 2010.

Cash

Cash is stated at the book balance. Cash is comprised of depository accounts. Community Housing and Resources maintains cash balances at various financial institutions. The cash accounts held at each institution, are insured by the Federal Deposit Insurance Corporation up to \$250,000 per institution.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Cash, continued

For purposes of the statements of cash flows, Community Housing and Resources considers all unrestricted highly liquid investments with an original maturity of three months or less to be cash equivalents. At September 30, 2011 and 2010, CHR held no such cash equivalents.

Investments

Investments include certificates of deposits (CD's). Investments are generally carried at market value. Community Housing and Resources has the ability to and intends to hold these investments to maturity. Gains and losses are determined using the specific identification method when securities are sold or matured. Due to the type and nature of investments held, any gain or loss is reflected as interest income. Related investment fees are considered insignificant. At September 30, 2011 and 2010, CHR held no such investments.

Inventory

Inventory consists of four (4) unsold units at the Centre Place complex and are stated at the lower of cost or market using the first-in first-out inventory method.

Property and Equipment

Property and equipment (fixed assets) is recorded at cost, or if donated, at fair market value on the date of donation. Such donations are reported as unrestricted support unless the donor has restricted the donated asset to a specific purpose. Assets donated with explicit restrictions regarding their use and contributions of cash that must be used to acquire property and equipment are reported as restricted support. Absent donor stipulations, Community Housing and Resources report expirations of donor restrictions when the donated or acquired assets are placed in service as instructed by the donor. Community Housing and Resources reclassifies temporarily restricted net assets to unrestricted net assets at that time. Community Housing and Resources capitalizes assets with a cost or donated fair value of \$1,000 or more and a useful life of one year or more.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Property and Equipment, continued

Depreciation is generally computed using the straight-line method over the estimated useful lives of the assets which range from 3 years to 27.5 years. The cost of assets retired or sold, together with the related accumulated depreciation, is removed from the accounts and any gain or loss on disposition is credited or charged to earnings. Debt related interest costs were capitalized as part of property and equipment during the year ended September 30, 2010. No debt related interest costs were capitalized during the year ended September 30, 2011.

Property and equipment held under capital leases is recorded at cost which approximates the present value of minimum lease payments over the term of the lease and is amortized using the straight-line method over their estimated useful lives. At September 30, 2011 and 2010, Community Housing and Resources held assets in the amount of \$4,400 and \$4,400, respectively, under a capital lease.

The Federal government, as well as the State of Florida, have rights and/or security interests over certain property acquired, partially, with grant funds.

Impairment of Fixed Assets

Community Housing and Resources adheres to FASB ASC 360-10-50-2 (formerly FASB Statement of Financial Accounting Standards (SFAS) No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets"). FASB ASC 360-10-50-2 requires, among other things, that entities identify events or changes in circumstances which indicate that the carrying amount of an asset may not be recoverable.

There was no effect on Community Housing and Resources financial statements resulting from FASB ASC 360-10-50-2 for the years ended September 30, 2011 or 2010.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Developments in Progress

Expenditures for developments in progress are recorded at cost. At the completion of these projects, March 2010, the costs were transferred to property and equipment and depreciated. Interest on loans directly related to developments in progress is capitalized as part of the cost of development. At the conclusion of the construction, interest on loans is charged to expense as incurred.

Recognition of Donor Restrictions

Community Housing and Resources reports its contributions in accordance with the Not-For-Profit Entities Topic of the FASB ASC. In accordance with this topic, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Support that is restricted by the donor is reported as an increase in unrestricted net assets if the restriction expires in the reporting period in which the support is recognized. All other donor-restricted support is reported as an increase in temporarily or permanently restricted net assets, depending on the nature of the restriction. When a restriction expires, or when the purpose restriction is met, temporarily restricted net assets are reclassified to unrestricted net assets. For the years ended September 30, 2011 and 2010, Community Housing and Resources had no permanently restricted net assets.

Functional Expenses

Community Housing and Resources allocates and classifies its expenses on a functional basis by program and supporting services. The expenses that are directly attributable to Community Housing and Resources' programs have been charged directly to the program. Substantially all the supporting services expenses incurred by Community Housing and Resources directly benefit the programs. However, no allocation of these supporting services costs has been made by Community Housing and Resources, as no objective allocation basis is available.

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Income Taxes

Community Housing and Resources and Coast and Island Community Land Trust are exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. Neither entity is classified as a private foundation within the meaning of Section 509(a) of the Code.

The Internal Revenue Code provides for taxation of unrelated business income under certain circumstances. Both Community Housing and Resources and Coast and Island Community Land Trust report no unrelated business taxable income; however, such status is subject to final determination upon examination of the related tax returns by the appropriate taxing authorities.

Advertising Costs

It is the policy of Community Housing and Resources to expense advertising costs when incurred.

Financial Instruments

Community Housing and Resources financial instruments consist of cash, certificates of deposit, accounts receivable, prepaid expenses, accounts payable, accrued expenses, and long term debt. The carrying amounts of these items approximate their fair value.

Leases

Rental units owned by Community Housing and Resources were approximately 89% occupied September 30, 2011 and 92% occupied at September 30, 2010. These units are rented to individuals on one-year cancelable leases subject to the provisions of the below market rate housing program guidelines. Therefore, no future rental income disclosures are required.

Donated Materials and Services

Community Housing and Resources receives donated office space (rent), office supplies, utilities and certain maintenance services. Also a number of volunteers, including the Board of Directors, donate significant amounts of their time

**NOTE A - ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING
POLICIES, CONTINUED**

Donated Materials and Services, continued

and expertise to Community Housing and Resources and its programs. No amounts have been recorded for donated goods or services inasmuch as no objective basis is available to measure the value of such services.

Management Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires Community Housing and Resources to make estimates and assumptions that affect the reported amounts of assets, liabilities and net assets and disclosure of contingent assets and liabilities at September 30, 2011 and 2010, and revenues and expenses during the years ended September 30, 2011 and 2010. Actual results could differ from those estimates.

Reclassifications

Certain reclassifications have been made in the 2009 financial statements to conform with the classifications used in 2010. These reclassifications had no impact on the financial position or changes in net assets as previously reported.

Subsequent Events

Subsequent events have been evaluated through January 20, 2012, which is the date the financial statements were available to be issued.

NOTE B - CASH AND INVESTMENTS

Cash consists of the following at September 30:

	<u>2011</u>	<u>2010</u>
Depository account - unrestricted	\$ 5,292	\$ 7,817
Depository accounts - restricted	<u>38,359</u>	<u>9,408</u>
	<u>\$ 43,651</u>	<u>\$ 17,225</u>

NOTE B - CASH AND INVESTMENTS, CONTINUED

Restricted cash is comprised of the following at September 30:

	2011	2010
Tenant assistance fund	\$ 2,459	\$ 537
Tenant security deposits	35,900	5,880
Credit report	-	456
Buyer downpayment account	-	2,535
	\$ 38,359	\$ 9,408

Florida Statutes Chapter 83.49 requires that the tenant security deposits be held in a separate bank account. At September 30, 2011 and 2010, such deposits were properly held in a separate bank account. At September 30, 2011, security deposits were properly funded. At September 30, 2010, the security deposits were underfunded by \$35,745.

Concentration of Credit Risk

Community Housing and Resources maintains its cash in financial institutions. These assets are federally insured up to \$250,000 per financial institution. Community Housing and Resources' cash accounts and certificate of deposit were fully covered by Federal Depository Insurance at both September 30, 2011 and 2010.

NOTE C - INVENTORY

Inventory consists of the following at September 30:

	2011	2010
Centre Place - 4/3 bedroom units	\$ 872,000	\$ 872,000

NOTE D - PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30:

	<u>2011</u>	<u>2010</u>
Land	\$ 823,913	\$ 823,913
Buildings and improvements, rentals	6,904,385	7,001,812
Furniture and equipment	14,930	17,312
Equipment under capital lease	<u>4,400</u>	<u>4,400</u>
	7,747,628	7,847,437
Accumulated depreciation	<u>(2,178,330)</u>	<u>(2,014,990)</u>
	<u>\$ 5,569,298</u>	<u>\$ 5,832,447</u>

Assets held under capital lease at September 30, 2010, consist of a copier with an original cost of \$4,400. The copier was purchased near the end of the fiscal year ended September 30, 2010. Therefore, no depreciation was charged for the copier for the year ended September 30, 2010. Accumulated depreciation on assets held under capital lease totaled \$880 and \$0 at September 30, 2011 and 2010, respectively.

Depreciation expense for the years ended September 30, 2011 and 2010, was \$246,265 and \$243,124, respectively, including assets held under capital lease.

NOTE E - DEVELOPMENT IN PROGRESS

Expenditures for development in progress (Centre Place) are recorded at cost. At the completion of this project it will be transferred into Buildings and Improvements and depreciated or allocated to inventory and cost of units sold, as applicable.

Development in progress of \$1,992,510, at September 30, 2009 relates to the construction of Centre Place. Centre Place is a 14-unit below market-rate workforce housing community located on Sanibel. Centre Place was completed in March 2010. As such, the cost of the units held for sale were transferred to inventory. The cost of the rental units was transferred to Buildings and Improvements and depreciated. Interest costs were capitalized during construction in the amount of \$0 and \$53,202, for the years ending September 30, 2011 and 2010, respectively.

COMMUNITY HOUSING AND RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE F - ACCRUED LIABILITIES

Accrued liabilities consist of the following at September 30:

	<u>2011</u>	<u>2010</u>
Accrued interest	\$ -	\$ 713
Accrued IRA	-	8,067
Accrued payroll and payroll taxes	1,847	9,503
Other liabilities	-	374
	<u>\$ 1,847</u>	<u>\$ 18,657</u>

NOTE G - DEFERRED REVENUE

Deferred revenue consists of the following at September 30:

	<u>2011</u>	<u>2010</u>
Deferred revenue - rent	\$ 3,812	\$ 1,780
Deferred revenue - grant - Centre Place	-	2,500
	<u>\$ 3,812</u>	<u>\$ 4,280</u>

COMMUNITY HOUSING AND RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE H - LONG-TERM DEBT

Long-term debt consists of the following obligations at September 30:

	<u>2011</u>	<u>2010</u>
Mortgage payable (\$2,400,000), to a financial institution, payable in monthly installments of principal and interest of \$9,474. Interest accrues at 6.5% for 60 monthly payments beginning November 24, 2011, then 239 monthly payments including interest at Prime plus 1%. Interest rate floor is 6.5%. The obligation is collateralized by various real property. It is also cross-collateralized by the \$815,000 mortgage payable and \$70,788 note payable. The State of Florida, Department of Community Affairs, has a secondary lien on this real estate until the respective units are sold. Interest rate at September 30, 2011 was 5.25%	\$1,390,822	\$1,565,367
Mortgage payable (\$815,000), to a financial institution, payable in 240 monthly installments of \$5,201 including principal and interest at a fixed rate of 6.5%. The obligation is collateralized by various real property and all future rents. It is also cross collateralized by the \$2,400,000 mortgage payable and the \$70,788 note payable plus 4 units at Lake Palms. Final principal payment of approximately \$461,412 is due February 25, 2028.	780,326	789,138
Note payable (\$70,788) to a financial institution, in monthly installments of interest at a rate of 5.5%. Principal due in full September 2, 2012. The obligation is cross collateralized with the \$815,000 and the \$2,400,000 mortgages plus 4 units at Lake Palms.	70,788	70,788
Capital lease payable to a corporation, in (36) monthly installments of \$127 including principal and interest. The obligation is collateralized by the respective equipment. Interest accrues at 2.5%. Final payment due 2013.	2,728	4,400

COMMUNITY HOUSING AND RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE H - LONG-TERM DEBT, CONTINUED

Long-term debt consists of the following obligations at September 30:

	<u>2011</u>	<u>2010</u>
Note payable to insurance funding company, payable monthly in the amount of \$3,399 including principal and interest. Interest accrues at 5.79%. Collateralized by the respective insurance coverage. Final payment due April 19, 2011.	-	20,055
Note payable to insurance funding company, payable monthly in the amount of \$368 including principal and interest. Interest accrues at 7.39%. Collateralized by the respective insurance coverage. Final Payment due December 25, 2010.	-	1,196
	2,244,664	2,450,944
Current Portion	<u>(104,433)</u>	<u>(1,671,590)</u>
Long-Term Portion	<u>\$2,140,231</u>	<u>\$ 779,354</u>

Certain of the debt agreements noted above contain restrictive covenants and conditions.

Interest expense related to long-term debt was \$149,342 and \$136,678 (including interest expense incurred regarding the lines of credit) for the years ended December 31, 2011 and 2010, respectively.

Principal maturities of long-term debt are as follows:

<u>Year Ending September 30</u>	<u>Amount</u>
2012	\$ 104,433
2013	39,677
2014	41,001
2015	43,747
2016	46,677
2017-2021	284,679
2022-2026	393,659
2027-2031	837,497
2032-2036	453,294
	<u>\$2,244,664</u>

COMMUNITY HOUSING AND RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE I - SCHEDULE OF NET ASSETS

Net assets are available for the following purposes at September 30:

	2011	2010 (as restated)
Unrestricted - general operations	\$ 3,911,109	\$ 4,088,643
Temporarily restricted, (deficit)	<u>2,459</u>	<u>(32,217)</u>
	<u>\$ 3,913,568</u>	<u>\$ 4,056,426</u>

Restricted net assets are intended to reflect the difference between restricted cash and liabilities payable from restricted cash (security deposits). At September 30, 2011 and 2010, the deficit restricted net asset balance was due to security deposit liability in excess of cash held. In a prior year restricted cash was incorrectly used for operational purposes.

NOTE J - COMMITMENTS AND CONTINGENCIES

Community Housing and Resources is currently receiving, and has received in the past, grant funds which are subject to special compliance audits by the grantor agencies. These audits may result in disallowed expense amounts.

Disallowed amounts, if any, constitute a contingent liability of Community Housing and Resources. Community Housing and Resources does not believe contingent liabilities, if any, to be material. Accordingly, no such liabilities are reflected within the financial statements.

NOTE K - ECONOMIC DEPENDENCE

The operations of Community Housing and Resources is dependent on the receipt of program revenue from individual rental unit tenants and the City of Sanibel. Loss of these funds and/or large decreases in these types of funding would have a material effect on Community Housing and Resources and a negative impact on overall operations. For the years ended September 30, 2011 and 2010, approximately 72% and 29% of total support and revenue, respectively, was attributable to amounts received for the account classifications listed above.

NOTE L - RELATED PARTY TRANSACTIONS

The 1999 CHR/City of Sanibel Casa Mariposa Construction Funding Agreement requires CHR to pay the City of Sanibel 80% of the fiscal year net rental proceeds for Casa Mariposa, based on the income and expenses as of the fiscal year end of September 30, 2011 and 2010. These amounts were paid as noted below by CHR to the City of Sanibel under this agreement for the years ended September 30, 2011 or 2010.

The 2003 CHR/City of Sanibel Woodhaven Construction Funding Agreement requires CHR to pay the City of Sanibel \$50,000 each fiscal year. A credit against this payment is given for the amount paid by CHR each December for the Casa Mariposa net rental proceeds. Under this agreement and in light of the above noted agreement, CHR paid the City \$50,000 and \$62,500 for the years ended September 30, 2011 and 2010, respectively.

The CHR/City of Sanibel Agreement provides that the City has designated CHR as its affordable housing agency. As such, the City provides office space, utilities, certain office supplies (limited to \$4,500 annually) and maintenance services to CHR free of charge. No amounts for these services have been provided for in these financial statements as no objective method has been determined to do so.

The City of Sanibel also provided CHR operating revenue of \$255,044 and \$247,616 for the years ended September 30, 2011 and 2010, respectively.

At September 30, 2011 and 2010, CHR recorded amounts due to the City of Sanibel of \$25,012 and \$12,500 respectively.

NOTE M - PENSION PLAN

CHR maintains a salary continuation plan (individual IRA plans) covering all fulltime employees meeting certain eligibility requirements. The plan provides for semiannual employer contributions to the plan at a (3% of fulltime employee gross wages) fixed amount. The plan also provides for voluntary contributions by participants. During the years ended September 30, 2011 and 2010, CHR contributed \$2,773 and \$5,104, respectively to employees' individual IRA plans.

COMMUNITY HOUSING AND RESOURCES, INC.
NOTES TO THE FINANCIAL STATEMENTS
September 30, 2011 and 2010

NOTE N - LITIGATION

Community Housing and Resources is involved from time to time in routine litigation, the substance of which would not materially affect its financial position, due to third party insurance coverage and/or federal tort limits. Community Housing and Resources is not in a position at either September 30, 2011 or 2010 to predict a final outcome of such lawsuits or claims, or the related costs involved. Community Housing and Resources intends to vigorously contest all claims unless first settled.

NOTE O - PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2011 management of CHR discovered facts resulting in legal expense and accounts payable being understated by \$27,680 for the prior year ended September 30, 2010. As such, the financial statements for the year ended September 30, 2010 have been restated herein. The restatement affected several accounts as follows:

Professional Fees (legal), as originally stated	\$ 85,412
Prior period adjustment	<u>27,680</u>
Professional Fees (legal), as restated	<u>\$ 113,092</u>
Accounts Payable, as originally stated	\$ 168,466
Prior period adjustment	<u>27,680</u>
Accounts Payable, as restated	<u>\$ 196,146</u>

Accordingly, this restatement resulted in Net Assets, at September 30, 2010, being adjusted as follows:

Net Assets, September 30, 2010, as originally stated	\$ 4,084,106
Prior period adjustment	<u>(27,680)</u>
Net Assets, September 30, 2010, as restated	<u>\$ 4,056,426</u>

NOTE P - TENANT'S INDEXED APPRECIATION PERCENTAGE

As part of the sales contracts for units sold by Community Housing and Resources, CHR is required to rebuy the unit when the owner elects to sell it. As such, CHR is required to accrue and pay owners a guaranteed appreciation on their units when the unit is sold because the unit must be reacquired by CHR. Since the owner buys and sells the housing unit only, not the underlying land, the guarantee amount is used by CHR as an incentive to potential buyers. The guarantee (indexed appreciation percentage) is limited to a 25% appreciation of the purchase price, as defined, over a maximum of ten (10) year period beginning after one (1) year from the date of sale. The guarantee is based on a predetermined graduated scale at time of initial purchase and accrues annually at the anniversary date of the owners purchase of the unit. The owner also is entitled to a graduated conditional guaranteed appreciation amount up to 5% of the purchase price, as defined. This guaranteed amount can be reduced by CHR for repairs required to resell the unit. Since the eight (8) units sold by CHR during the year ended September 30, 2010 were sold on September 30, 2010, no accrual was required at September 30, 2010. For the year ended September 30, 2011, the indexed appreciation percentage liability was \$12,978 and the conditional guaranteed appreciation liability was \$25,955. These amounts are collectively reflected as "LEO appreciation liability" of \$38,933 on the Statement of Net Assets at September 30, 2011.

SUPPLEMENTARY INFORMATION

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENT OF ACTIVITIES BY CHR
Year Ended September 30, 2011

SUPPORT AND REVENUE	CHR Direct Cost			
	Airport	Algiers	Beach	Belding
State grants - SHIP	\$ -	\$ -	\$ -	\$ -
Federal grants - CDBG/Home	-	-	-	-
Unit sales	-	-	-	-
City of Sanibel Support	41,358	3,447	3,447	3,447
Rent and utility contribution	81,820	6,140	8,145	12,298
Public support	4,106	342	342	342
Interest income	4	0	0	0
Other income	2,188	276	412	196
TOTAL SUPPORT AND REVENUE	129,476	10,205	12,346	16,283
FUNCTIONAL EXPENSES				
Compensation and related expenses	27,898	2,325	2,325	2,325
Accounting	-	-	-	-
Advertising and promotion	-	-	-	-
Bad debt	-	-	-	-
Bank charges	20	-	-	-
CICLT expense	(61)	(5)	746	(5)
City of Sanibel rental payment	-	-	-	-
Communication and web page	-	-	-	-
Contract labor	-	-	-	-
Cost of units sold	-	-	-	-
Credit verification	28	2	2	2
Depreciation and amortization	27,624	1,076	54	6,064
Grants to individuals	-	-	-	-
Homeowners association fees	-	-	-	235
Insurance	5,698	320	694	1,636
Interest	993	83	83	83
LEO appreciation	-	-	-	-
Licenses and fees	42	4	4	4
Loss on disposal of assets	-	-	-	-
Miscellaneous	-	-	-	-
Office expense	11	1	1	1
Printing	-	-	-	-
Professional fees	2,321	143	143	143
Rent	-	-	-	-
Repairs and maintenance	11,506	937	1,469	1,960
Solid waste	396	33	33	1,006
Tenant assistance activities	583	49	49	49
Travel	-	-	-	-
Utilities	10,404	212	843	778
TOTAL EXPENSES	87,462	5,179	6,445	14,280
NET INCOME /LOSS	\$ 42,014	\$ 5,026	\$ 5,901	\$ 2,003

The accompanying notes are an integral part of this statement.

CHR Direct Cost

Casa Mariposa	Center Place	Mahogany	Riverview	Sanibel Highlands	Woodhaven	Wooster
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,784
-	-	-	-	-	-	-
-	-	-	-	256,000	-	-
41,358	20,679	48,252	34,465	3,447	41,358	13,786
90,529	73,197	102,859	38,743	12,589	83,597	18,775
4,106	2,053	4,790	3,422	342	4,106	1,369
4	2	5	3	0	4	1
627	1,834	934	1,366	453	612	306
<u>136,624</u>	<u>97,766</u>	<u>156,840</u>	<u>77,999</u>	<u>272,831</u>	<u>129,677</u>	<u>52,021</u>
27,898	13,949	32,548	23,248	2,325	27,898	9,299
-	-	-	-	-	-	-
-	1,233	-	-	-	-	-
-	-	-	-	-	-	-
-	20	-	-	-	30	-
(61)	4,602	(71)	(51)	726	(61)	(20)
5,355	-	-	-	-	44,645	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	59,726	-	-
28	14	33	24	2	28	9
32,508	50,973	26,798	13,680	9,584	69,904	6,255
-	-	-	-	51,583	-	-
-	-	-	-	-	-	11,200
8,614	4,968	9,369	6,252	1,018	5,490	1,686
1,023	91,313	1,188	55,298	83	993	473
117	21	49	35	4	117	14
-	-	-	-	-	-	-
11	5	12	9	1	11	4
-	-	-	-	-	-	-
2,321	861	2,708	1,434	1,463	2,321	874
-	-	-	-	-	-	-
14,959	5,953	11,887	5,505	2,192	14,944	4,335
396	2,247	462	484	33	396	202
583	422	1,125	486	89	1,033	194
-	-	-	-	-	-	-
17,258	9,312	12,553	16,784	2,276	16,314	621
<u>111,009</u>	<u>185,893</u>	<u>98,662</u>	<u>123,189</u>	<u>131,104</u>	<u>184,062</u>	<u>35,145</u>
<u>\$ 25,615</u>	<u>\$ (88,128)</u>	<u>\$ 58,178</u>	<u>\$ (45,189)</u>	<u>\$ 141,727</u>	<u>\$ (54,385)</u>	<u>\$ 16,875</u>

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENT OF ACTIVITIES BY CHR, CONTINUED
Year Ended September 30, 2011

SUPPORT AND REVENUE	Total CHR Properties	Clam Bayou	Lakeview
State grants - SHIP	\$ 17,784	\$ -	\$ -
Federal grants - CDBG/Home	-	-	-
Unit sales	256,000	-	-
City of Sanibel Support	255,044	-	-
Rent and utility contribution	528,692	4,650	3,195
Public support	25,320	-	-
Interest income	24	-	-
Other income	9,205	60	-
TOTAL SUPPORT AND REVENUE	<u>1,092,069</u>	<u>4,710</u>	<u>3,195</u>
FUNCTIONAL EXPENSES			
Compensation and related expenses	172,037	-	-
Accounting	-	-	-
Advertising and promotion	1,233	-	-
Bad debt	-	-	-
Bank charges	70	-	-
CICLT expense	5,740	-	-
City of Sanibel rental payment	50,000	-	-
Communication and web page	-	-	-
Contract labor	-	-	-
Cost of units sold	59,726	-	-
Credit verification	175	-	-
Depreciation and amortization	244,520	-	-
Grants to individuals	51,583	-	-
Homeowners association fees	11,435	-	-
Insurance	45,744	-	-
Interest	151,611	-	-
LEO appreciation	-	-	-
Licenses and fees	409	-	-
Loss on disposal of assets	-	-	-
Miscellaneous	-	176	-
Office expense	65	-	-
Printing	-	-	-
Professional fees	14,733	-	-
Rent	-	5,446	7,137
Repairs and maintenance	75,645	2,701	-
Solid waste	5,689	-	-
Tenant assistance activities	4,661	1,375	-
Travel	-	-	-
Utilities	87,356	-	-
TOTAL EXPENSES	<u>982,432</u>	<u>9,698</u>	<u>7,137</u>
NET INCOME /LOSS	<u>\$ 109,637</u>	<u>\$ (4,988)</u>	<u>\$ (3,942)</u>

The accompanying notes are an integral part of this statement.

Private Market - Direct Cost

Rabbit Road	Siesta Pines Ct	Tennis Place	Tropicana	Total Private Mkt Properties	Unallocated Indirect Expenses	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 17,784
-	-	-	-	-	-	-
-	-	-	-	-	-	256,000
-	-	-	-	-	-	255,044
5,908	730	5,805	3,315	23,603	-	552,295
-	-	-	-	-	7,755	33,075
-	-	-	-	-	-	24
135	-	-	40	235	302	9,742
<u>6,043</u>	<u>730</u>	<u>5,805</u>	<u>3,355</u>	<u>23,838</u>	<u>8,057</u>	<u>1,123,964</u>
-	-	-	-	-	48,496	220,533
-	-	-	-	-	67,740	67,740
-	-	-	-	-	241	1,474
-	-	-	-	-	-	-
-	-	-	-	-	1,604	1,674
-	-	-	-	-	8,009	13,749
-	-	-	-	-	-	50,000
-	-	-	-	-	2,035	2,035
-	-	-	-	-	3,825	3,825
-	-	-	-	-	9,383	69,109
-	-	-	-	-	660	835
-	-	-	-	-	1,745	246,265
-	-	-	-	-	-	51,583
-	-	-	-	-	-	11,435
-	-	-	-	-	53,859	99,603
-	-	-	-	-	-	151,611
-	-	-	-	-	-	-
-	-	-	-	-	361	770
-	-	-	-	-	122	122
-	-	-	-	176	-	176
-	-	-	-	-	1,212	1,277
-	-	-	-	-	1,414	1,414
-	-	-	-	-	-	14,733
9,336	2,370	6,624	5,250	36,163	-	36,163
-	-	-	-	2,701	-	78,346
-	-	-	-	-	-	5,689
-	-	-	-	1,375	-	6,036
-	-	-	-	-	4,180	4,180
156	-	-	-	156	-	87,512
<u>9,492</u>	<u>2,370</u>	<u>6,624</u>	<u>5,250</u>	<u>40,571</u>	<u>204,886</u>	<u>1,227,889</u>
<u>\$ (3,449)</u>	<u>\$ (1,640)</u>	<u>\$ (819)</u>	<u>\$ (1,895)</u>	<u>\$ (16,733)</u>	<u>\$ (196,829)</u>	<u>\$ (103,925)</u>

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENT OF ACTIVITIES BY CHR
Year Ended September 30, 2010 (as restated)

SUPPORT AND REVENUE	CHR Direct Cost			
	Airport	Algiers	Beach	Belding
State grants - SHIP	\$ -	\$ -	\$ 81,078	\$ -
Federal grants - CDBG/Home	-	-	-	-
Unit sales	-	-	465,754	-
City of Sanibel Support	-	-	-	-
Rent and utility contribution	81,899	8,143	19,548	12,756
Public support	-	-	-	-
Interest income	-	-	-	-
Other income	514	-	-	40
TOTAL SUPPORT AND REVENUE	82,413	8,143	566,380	12,796
FUNCTIONAL EXPENSES				
Compensation and related expenses	-	-	-	-
Accounting	-	-	-	-
Advertising and promotion	-	-	-	-
Bad debt	-	-	-	-
Bank charges	10	-	-	-
CICLT expense	-	-	-	-
City of Sanibel rental payment	-	-	-	-
Communication and web page	-	-	-	-
Contract labor	455	-	3,280	75
Cost of units sold	-	-	297,606	-
Credit verification	-	-	-	-
Depreciation and amortization	27,394	809	17,272	6,010
Grants to individuals	-	-	113,191	-
Homeowners association fees	-	-	-	235
Insurance	3,097	-	1,912	984
Interest	-	-	-	-
Licenses and fees	-	1,463	-	-
Miscellaneous	-	-	-	-
Office expense	-	-	-	-
Printing	-	-	-	-
Professional fees	-	2,800	7,777	-
Rent	-	-	-	-
Repairs and maintenance	7,937	6,158	7,080	819
Solid waste	177	-	120	658
Tenant assistance activities	-	-	-	-
Travel	-	-	-	-
Utilities	11,014	-	5,639	889
TOTAL EXPENSES	50,084	11,230	453,877	9,670
NET INCOME /LOSS	\$ 32,329	\$ (3,087)	\$ 112,503	\$ 3,126

The accompanying notes are an integral part of this statement.

CHR Direct Cost

Casa Mariposa	Center Place	Mahogany	Riverview	Sanibel Highlands	Woodhaven	Wooster
\$ -	\$ 430,000	\$ -	\$ -	\$ 43,582	\$ -	\$ -
-	70,000	-	-	-	-	-
-	832,000	-	-	-	-	-
-	-	-	-	-	-	-
78,679	53,472	90,309	41,314	19,767	77,018	19,188
-	-	-	-	-	-	-
-	-	-	-	-	-	-
341	60	405	1,011	80	3,616	245
79,020	1,385,532	90,714	42,325	63,429	80,634	19,433
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	1,252	-	-	-	-	-
4,468	595	-	1,567	-	79	-
-	93	-	493	-	30	-
-	7,329	-	-	-	-	-
6,334	-	-	-	-	56,166	-
-	-	-	-	-	-	-
165	1,580	30	489	383	430	-
-	1,276,379	-	-	-	1,461	-
-	-	-	-	-	-	-
31,962	26,985	26,852	15,906	11,218	69,006	5,525
-	190,000	-	-	-	-	-
-	-	-	-	-	-	11,540
14,388	29,305	5,217	6,606	3,423	8,519	-
-	73,958	-	61,714	-	-	-
250	123	-	160	800	345	-
-	-	-	-	-	132	-
-	-	-	-	-	-	-
-	234	-	-	-	-	-
-	37,508	-	150	10,315	-	-
-	-	-	-	-	-	-
7,440	2,324	10,748	17,902	10,730	7,711	1,308
403	4,711	207	148	1,408	351	68
-	-	-	-	-	-	-
-	-	-	-	-	-	-
12,946	10,996	11,549	14,095	3,554	12,685	-
78,356	1,663,372	54,603	119,230	41,831	156,915	18,441
\$ 664	\$ (277,840)	\$ 36,111	\$ (76,905)	\$ 21,598	\$ (76,281)	\$ 992

COMMUNITY HOUSING AND RESOURCES, INC.
STATEMENT OF ACTIVITIES BY CHR, CONTINUED
Year Ended September 30, 2010 (as restated)

SUPPORT AND REVENUE	CHR		Clam Bayou	Lakeview
	Unallocated Direct	Total CHR Properties		
State grants - SHIP	\$ 13,809	\$ 568,469	\$ -	\$ -
Federal grants - CDBG/Home	-	70,000	-	-
Unit sales	-	1,297,754	-	-
City of Sanibel Support	61,904	61,904	-	-
Rent and utility contribution	-	502,093	8,452	23,524
Public support	20,659	20,659	-	-
Interest income	1,132	1,132	-	-
Other income	1,140	7,452	-	130
TOTAL SUPPORT AND REVENUE	98,644	2,529,463	8,452	23,654
FUNCTIONAL EXPENSES				
Compensation and related expenses	-	-	-	-
Accounting	-	-	-	-
Advertising and promotion	137	1,389	-	-
Bad debt	-	6,709	-	-
Bank charges	150	776	-	-
CICLT expense	-	7,329	-	-
City of Sanibel rental payment	-	62,500	-	-
Communication and web page	13	13	-	-
Contract labor	3,250	10,137	-	-
Cost of units sold	-	1,575,446	-	-
Credit verification	1,128	1,128	-	-
Depreciation and amortization	3,030	241,969	-	-
Grants to individuals	-	303,191	-	-
Homeowners association fees	-	11,775	-	-
Insurance	62,038	135,489	-	-
Interest	991	136,663	-	-
Licenses and fees	499	3,640	-	-
Miscellaneous	7,698	7,830	-	-
Office expense	127	127	-	-
Printing	-	234	-	-
Professional fees	6,470	65,020	-	-
Rent	-	-	9,336	32,967
Repairs and maintenance	3,443	83,600	-	-
Solid waste	-	8,251	-	-
Tenant assistance activities	10,633	10,633	-	-
Travel	912	912	-	-
Utilities	10	83,377	-	48
TOTAL EXPENSES	100,529	2,758,138	9,336	33,015
NET INCOME /LOSS	\$ (1,885)	\$ (228,675)	\$ (884)	\$ (9,361)

The accompanying notes are an integral part of this statement.

Private Market - Direct Cost

Rabbit Road	Siesta Pines Ct	Tennis Place	Tropicana	Total Private Mkt Properties	Unallocated Indirect Expenses	Total
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 568,469
-	-	-	-	-	-	70,000
-	-	-	-	-	-	1,297,754
-	-	-	-	-	185,712	247,616
6,773	8,752	8,220	8,472	64,193	-	566,286
-	-	-	-	-	300	20,959
-	-	-	-	-	-	1,132
(851)	10	851	120	260	300	8,012
<u>5,922</u>	<u>8,762</u>	<u>9,071</u>	<u>8,592</u>	<u>64,453</u>	<u>186,312</u>	<u>2,780,228</u>
-	-	-	-	-	330,586	330,586
-	-	-	-	-	42,227	42,227
-	-	-	-	-	2,726	4,115
-	-	1,236	-	1,236	-	7,945
-	-	-	-	-	926	1,702
-	-	-	-	-	-	7,329
-	-	-	-	-	-	62,500
-	-	-	-	-	3,579	3,592
-	-	-	-	-	25,379	35,516
-	-	-	-	-	-	1,575,446
-	-	-	-	-	-	1,128
-	-	-	-	-	1,155	243,124
-	-	-	-	-	-	303,191
-	-	-	-	-	-	11,775
-	-	-	-	-	16,665	152,154
-	-	-	-	-	15	136,678
-	-	-	-	-	606	4,246
-	-	-	-	-	4,908	12,738
-	-	-	-	-	2,874	3,001
-	-	-	-	-	1,017	1,251
-	-	-	-	-	48,072	113,092
10,114	9,480	11,218	18,000	91,115	-	91,115
-	789	225	-	1,014	4,688	89,302
-	-	-	-	-	-	8,251
-	-	-	-	-	-	10,633
-	-	-	-	-	7,636	8,548
187	-	-	-	235	1,639	85,251
<u>10,301</u>	<u>10,269</u>	<u>12,679</u>	<u>18,000</u>	<u>93,600</u>	<u>494,698</u>	<u>3,346,436</u>
\$ (4,379)	\$ (1,507)	\$ (3,608)	\$ (9,408)	\$ (29,147)	\$ (308,386)	\$ (566,208)