

39 pages.

WILMINGTON HOUSING  
PARTNERSHIP CORPORATION

SINGLE AUDIT

June 30, 2010 and 2009

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
Wilmington Housing Partnership Corporation  
Wilmington, Delaware

We have audited the accompanying balance sheets of Wilmington Housing Partnership Corporation as of June 30, 2010 and 2009, and the related statements of revenue, expenses and change in fund net assets, and cash flows for the years then ended. These financial statements are the responsibility of Wilmington Housing Partnership Corporation'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 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 audits 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 the 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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Wilmington Housing Partnership Corporation as of June 30, 2010 and 2009, and the changes in financial position and cash flows for the years 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 reports dated November 22, 2010 on our consideration of Wilmington Housing Partnership Corporation's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of these reports 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. These reports are an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

To the Board of Directors  
Wilmington Housing Partnership Corporation

Management's Discussion and Analysis on pages 5 through 15 is not a required part of the basic financial statements but is information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of this required information. However, we did not audit this information and express no opinion on it.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements 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. The schedules of project contributions and schedules of program administrative expenses are supplementary information presented for the purpose of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits 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.



Robert W. G. Smith, CPA

November 22, 2010  
Wilmington, Delaware

## MANAGEMENT'S DISCUSSION AND ANALYSIS

The Wilmington Housing Partnership Corporation (WHPartnership) is providing a Management's Discussion and Analysis (MD&A) for the fiscal year ended June 30, 2010 that gives an overview and analysis of the financial activities of WHPartnership for the year. It is designed to:

- Provide background information on WHPartnership.
- Focus on significant financial issues.
- Provide an overview of the WHPartnership financial activity.
- Identify changes in WHPartnership's financial position.
- Identify individual fund issues or concerns.

**Mission Statement:** The Mission of the WHPartnership is to collaborate with select private, non-profit and governmental entities to increase the City of Wilmington's housing stock by promoting renovation/rehabilitation of existing homes and limited construction of new homes in strategically selected areas, while supporting a diverse income strategy.

**Background of WHPartnership—A 501(c)(3) Organization:** The WHPartnership is a non-profit corporation established by the City of Wilmington in 1989 to create affordable homeownership opportunities in the City of Wilmington (City) and, in doing so, to stabilize neighborhoods, increase housing values, and reduce blight in the City. WHPartnership is a separate entity from the City, as well as from the Wilmington Housing Authority. It has its own staff, funding, a board of directors, financial accountability systems and record keeping processes. WHPartnership obtains the majority of its operating and project funding through funding applications to local governments, banks and foundations, and through program income generated from its projects and activities.

To achieve its Mission, WHPartnership works independently or through local non-profit and private partners to acquire, rehabilitate, demolish and construct new housing with a primary end goal of homeownership. WHPartnership also funds other housing related activities such as pre-development (architectural, engineering, appraisals and environmental remediation), marketing and settlement assistance (depending upon market conditions). On occasion, it assembles a significant number of vacant properties which are then used for large housing development projects. When owning property before or during development, WHPartnership provides property management (boarding, securing, cleaning, grass cutting, snow removal, environmental clean-up and emergency repair).

WHPartnership focuses in communities of need which exhibit blight, low homeownership rates, depressed housing values and numerous vacancies. The goal of WHPartnership is to elevate and strengthen neighborhoods by improving housing stock, raising housing values, increasing homeownership rates, reducing blight, and increasing income diversity. Doing this usually requires "gap subsidies": funding needed to complete a project that is over and above the sales price of a property. Gap subsidies are secured by mortgages and notes with associated retention periods, and generally are not recoverable. During the retention period, the subsidy is reduced on a prorata basis for each year that the homebuyer lives in the home as the owner-occupant. Once the retention period expires, the gap subsidy is "forgiven".

With this background, WHPartnership presents its MD&A for the fiscal year ended June 30, 2010 and should be read in conjunction with WHPartnership’s financial statements beginning on page 16.

**Financial Highlights:**

During fiscal year 2010, WHPartnership continued its work under six related activities:

- The commencement of the second five-year RISE (Residential Improvement and Stabilization Effort) initiative.
- Scattered-site work.
- Federal HOME & CDBG Grants.
- Neighborhood Stabilization Program.
- The stimulation of income -diverse projects in RISE areas.
- Related maintenance of property inventory.

Fiscal year 2010 progress on each activity was as follows:

I. **RISE (Residential Improvement and Stabilization Effort) Initiative:** WHPartnership established RISE during fiscal year 2004 with the goals to increase affordable homeownership in the City of Wilmington by 210 units, raise property values, entice private investment, reduce blight in three targeted “at risk” areas of the City, partner with non-profit and private developers, and increase private investment. As a result of WHP reaching its goals at the end of the first five-year RISE Initiative, WHP has set its goals for the second five-year RISE program to closely emulate original RISE goals. The goals are to raise \$7,500,000 in contributions and create 190 affordable homeownership opportunities. During fiscal year 2010, RISE activities included the following:

- Acquired 3 properties.
- Completed 3 rehabs.
- Sold 20 units.
- RISE Study.

RISE PROGRAM		
Current 6 RISE Areas	Units Since FY '05/Area	Units in Production in FY '10
Browntown - Hedgeville	72	19
Eastside	11	-
Northeast	54	1
Southbridge	19	-
West Center City	35	-
Westside	81	14
Total	<u>272</u>	<u>34</u>

Working as a developer or with our partners, the following were highlights of fiscal year 2010 RISE activities:

- The results of our RISE program are as follows: 272 affordable RISE units at the end of fiscal year 2010, up 41 from last year, 151 sold, 7 on the market, 79 in production and 35 in planning/approval stages.
- Committed \$15,174,000 to the 272 units.
- Leveraged \$32,521,000 in mortgage financing.
- Received \$371,982 in Neighborhood Stabilization funds for acquisition of former Polish VFW Club and an abandoned, single-family home in Browntown.
- WHPartnership was awarded \$408,072 in Federal CDBG and HOME funds for rehab of two properties in the City's Westside and construction of a new seven-unit project in Browntown.
- Continued working with private and non-profit housing partners.
- Completed construction of Franklin Chase Phase II – the last 3 units of a planned 19 home community at 6<sup>th</sup> and Franklin Streets. All units were sold prior to the completion of construction.

II. **Income-Diverse Projects:** While developing affordable homes is WHPartnership's primary mission, its mission also includes creating income diversity in City neighborhoods. Accordingly, WHPartnership evaluates potential projects in terms of the best outcome for a RISE neighborhood and its residents. This evaluation may determine that market-rate housing is more beneficial than affordable housing for that area, stimulating further buying interest in the community at large, creating a link between a former "at risk" neighborhood and a stable one, and eliminating the artificial barrier between them. WHPartnership packages blighted properties, markets them to for-profit and private developers while maintaining a contractual level of input, and recoups its investment for use in affordable projects as homes are completed and sold. The resulting developments impact housing values for all of the homeowners and further stabilize neighborhoods. WHPartnership's work and investment have resulted in two income-diverse projects in RISE neighborhoods.

**Christina Overlook:** This project, formerly known as Railroad Crossing, is situated on several tracts of land in Browntown. WHPartnership purchased abandoned and blighted properties in fiscal years 2006 and 2007, and several small lots were transferred by the City in fiscal year 2007. The site is advertised for development of a possible 30-to-40 market-rate homes. To date, WHPartnership has done the following:

- Developed a design for the property creating an innovative, urban development.
- Demolished both the community center and an old industrial building.
- Partnered with DNREC (Department of Natural Resources and Environmental Control) to environmentally remediate the former industrial site.
- Invested in excess of \$1,000,000 in the project, which will be re-couped as the project is developed and re-invested in the neighborhood for affordable housing under the RISE initiative.
- Worked diligently with the local community group and councilman to discuss the project and get their approval.

- Received approval from the Planning Department, Fire Marshal's Department and preliminary approvals from License and Inspections.
- Developed a marketing brochure that incorporated the activities on the Riverfront.
- Held a ground breaking ceremony in early June to announce the project.

III. **Property Inventory:** WHPartnership's inventory increases as properties are acquired for development through arm's length transactions, Sheriff sales or transfers from the City. The inventory decreases as WHPartnership directly develops and sells affordable housing units, makes properties available through RFPs or transfers them to other developers. At the start of fiscal year 2010, WHPartnership had 67 properties in its inventory. At the end of fiscal year 2010, there were 80 properties in inventory, with the majority of them associated with the projects in Browntown.

### **Looking Ahead to 2011**

WHPartnership believes in its vision and strategy. In the coming year, it will retain its focus on rebuilding strong neighborhoods in the City of Wilmington. Through creative planning and selective collaborations, WHPartnership will continue its successful program of increasing homeownership, generating income diversity, reducing blight, and raising housing values for new City buyers and existing homeowners.

### **Overview of the Financial Statements**

The financial statements included in this annual report are those of a quasi-governmental agency engaged in a business-type activity. The following statements are included:

- Balance Sheet reports WHPartnership's current financial resources (short-term expendable resources) with capital assets and debt obligations.
- Statement of Revenues, Expenses, and Changes in Fund Net Assets reports WHPartnership's operating and non-operating revenues by major source along with operating expenses and capital contributions.
- Statement of Cash Flow reports WHPartnership's cash flows from operating, investing capital and non-capital activities.



## Financial Statements and Notes

The WHPartnership financial statements are designed to provide readers with a broad overview of WHPartnership's finances in a manner similar to a private-sector business.

The balance sheet presents information on all WHPartnership assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of WHPartnership is improving or deteriorating.

The financial statements can be found on pages 16 through 19 of this report.

Notes to the financial statements provide additional information that is essential to a full understanding of the data provided. The notes to the financial statements can be found on pages 20 through 27 of this report.

## Financial Analysis

The following represents summarized balance sheets as of June 30:

	<u>2010</u>	<u>2009</u>
Current assets	\$ 597,089	\$ 1,178,295
Non-current assets		
Capital assets	6,358	2,191
Other non-current assets	8,155,055	8,872,587
Total assets	<u>\$ 8,758,502</u>	<u>\$ 10,053,073</u>
Other liabilities	\$ 1,962,560	\$ 2,499,790
Net assets		
Invested in capital assets - net of related debt	6,358	2,191
Unrestricted	6,789,584	7,551,092
Total liabilities and net assets	<u>\$ 8,758,502</u>	<u>\$ 10,053,073</u>

At the end of fiscal year 2010, WHPartnership reported positive balances in all categories of net assets. WHPartnership's net assets decreased by 12.5% when compared with fiscal year 2009, due to the selling out of Franklin Chase and reduction in contributions.

## Assets

### **Current Assets**

WHPartnership current assets decreased from fiscal year 2009 to fiscal year 2010 by approximately \$581,000 as a result of the following activities:

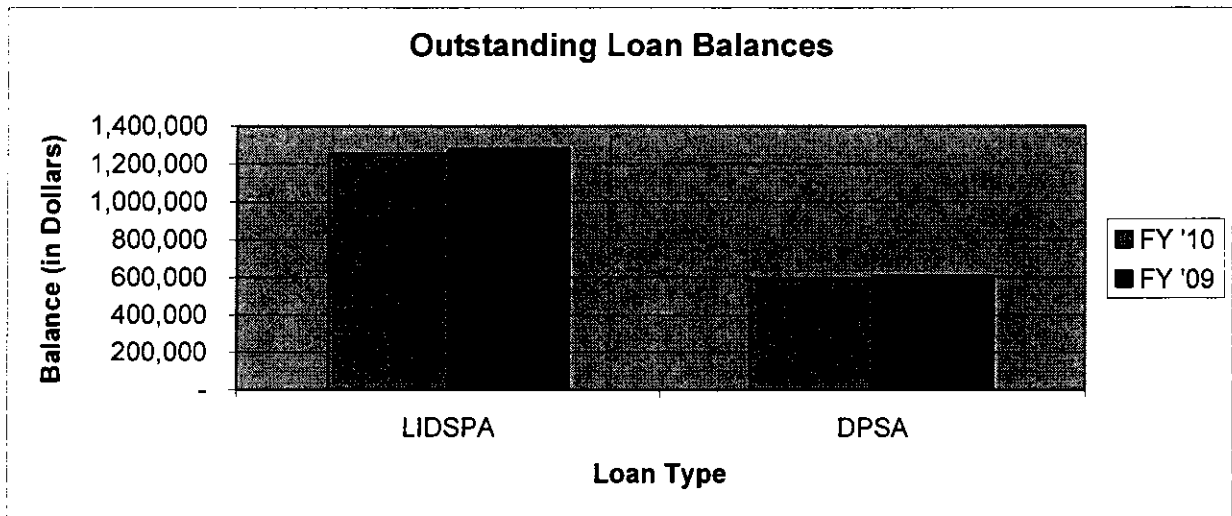
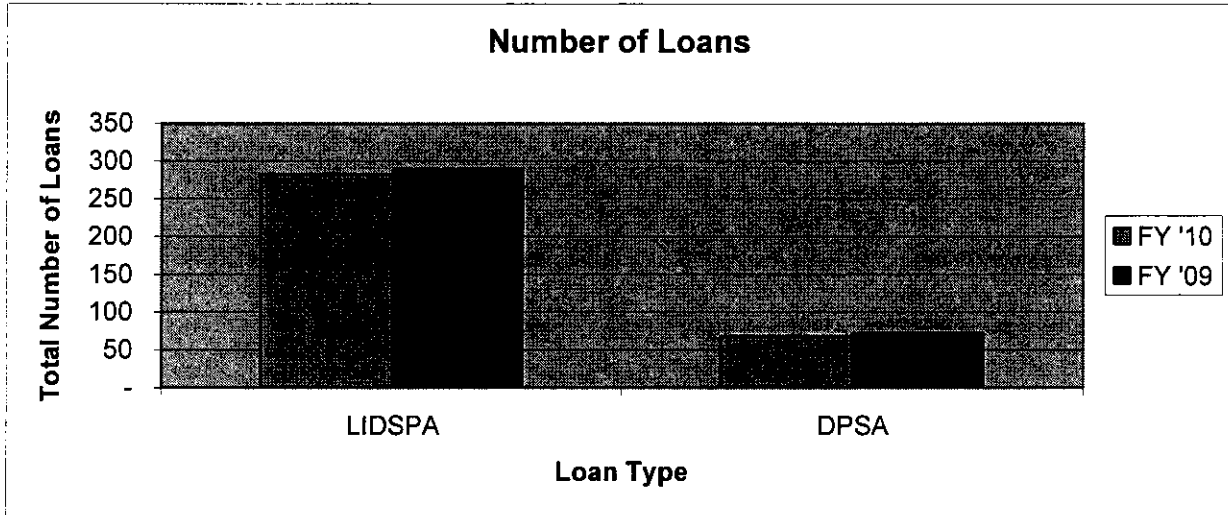
- Cash decreased by approximately \$450,000, primarily due to expenditures related to the following projects that were in predevelopment stages: 225 W 7<sup>th</sup>, Evergreen Terrace, Healdmont, 1209 W. 6<sup>th</sup> Street, 1201 W. 6<sup>th</sup> Street, 1325 W 6<sup>th</sup> Street, 915 Vandever Avenue, and miscellaneous property management activities.
- Cash was also impacted by a \$2,302,000 decrease in grants and contributions in fiscal year 2010 compared to fiscal year 2009. A list of contributors can be seen on page 26 of this report.

### **Non-Current Assets**

WHPartnership non-current assets decreased by approximately \$713,365 from fiscal year 2009 to fiscal year 2010 due to the following:

- Property held for development decreased by approximately \$400,000 due to the disposition of 18 housing units, of which the majority related to the selling out of the Franklin Chase project, a 19-unit townhome project located in the Westside RISE neighborhood.
- Receivable from our contributors decreased during the current year by \$114,000. This was due to the reclassification of the City of Wilmington and Wilmington Trust Company pledges to current assets. These two contributions were part of WHPartnership's second 5-year RISE Initiative program.
- The final \$100,000 payment of a \$400,000 note receivable for the Villa of Little Italy was paid in fiscal year 2010. This was an income diverse project where WHPartnership acquired the land, partnered with a for-profit builder who rehabilitated 2 units on the old site of DiNardo's restaurant, built 5 new town homes on DiNardo's former parking lot and was reimbursed its acquisition cost as the homes were sold.
- WHPartnership's portfolio of down payment (LIDPSA/DPSA) loans accumulated through the years. The loan portfolio was reduced by \$53,377 in fiscal year 2010 due to the repayment of 11 LIDPSA/DPSA loans. At the end of fiscal year 2010, the loan portfolio consisted of 284 low-income loans at 0% interest and 62 loans at 5% interest. Loans are not required to be paid off until the customer pays off the first mortgage, refinances or sells the property.

## LIDPSA / DPSA Loans



## Liabilities

### **Current Liabilities**

Current liabilities decreased by approximately \$535,000 from fiscal year 2009 to fiscal year 2010 as a result of the following activities:

- WHPartnership had a line of credit through the City of Wilmington with JPMorgan Chase for the construction of the Franklin Chase phases I and II projects. At the start of fiscal year 2010, the balance of the line of credit was \$1,300,000. With the completion of the Franklin Chase project including all units sold in fiscal year 2010, WHPartnership was able to reduce the line of credit by \$1,100,000, leaving a balance of \$200,000 which was subsequently paid off in early fiscal year 2011.
- Retainage payable was decreased by \$60,000 in fiscal 2010. This reduction was a result of releasing a percentage of the withheld retainage associated with the completion of Franklin Chase and various rehab projects.

### **Wilmington Housing Partnership Statements of Revenues, Expenses and Changes in Fund Assets**

	<u>2010</u>	<u>2009</u>
Total operating (loss) revenue	\$ (253,297)	\$ 2,195,833
Total operating expenses	504,044	750,555
Change in net assets	(757,341)	1,445,278
Total net assets - beginning	<u>7,553,283</u>	<u>6,108,005</u>
Total net assets - ending	<u>\$ 6,795,942</u>	<u>\$ 7,553,283</u>

### **Activities**

As stated in the beginning of the MD&A, during fiscal year 2010, WHPartnership began implementation of its second five-year initiative—RISE (Residential Improvement and Stabilization Effort) program focusing on six targeted areas of the City of Wilmington. The goals of the first five-year RISE initiative are as follows:

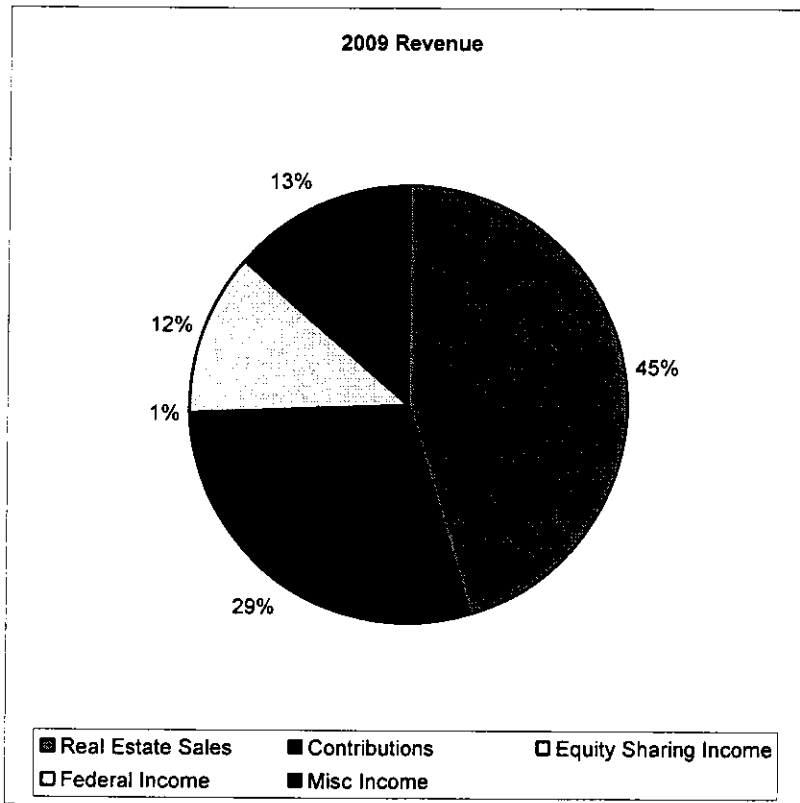
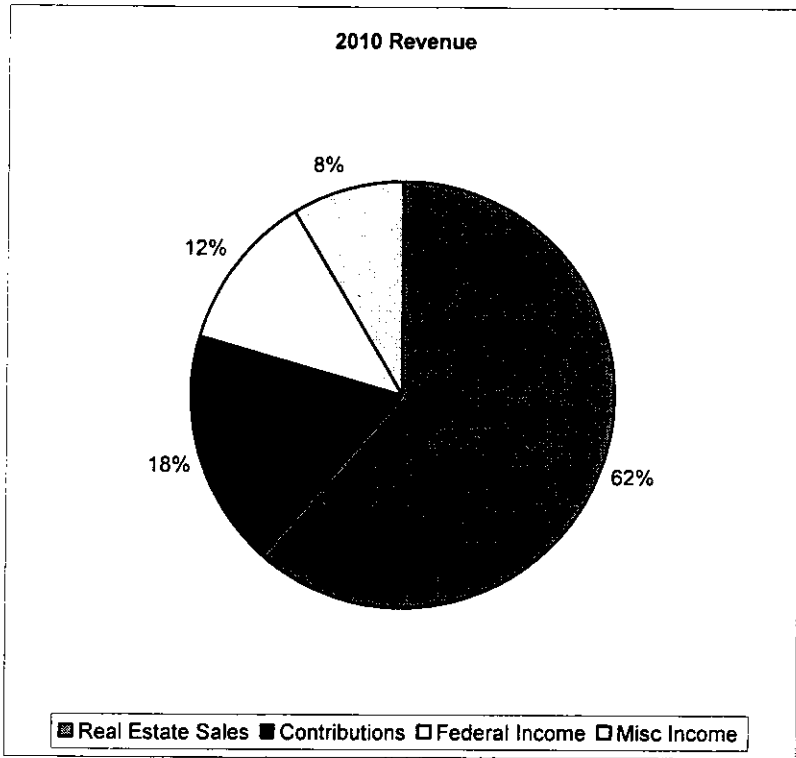
- RISE Initiative: At the start of the second five years of operation, RISE remained a force of change in the community. Working with local non-profits and private developers and as a result of RISE projects, WHPartnership continued to make a tremendous impact on the housing stock, neighborhood stability and community wealth. RISE continues to generate projects that are impacting individually, plus fostering collaborations with other agencies. With the help of the City of Wilmington awarding WHPartnership a loan of approximately \$371,000 from Neighborhood Stabilization Program funds, \$288,000 in Federal funds and \$376,000 in contributions from banks and foundations, WHPartnership is diligently working on its second five-year RISE initiative. The goal of the second five-year RISE initiative is to raise \$7,500,000 in contributions, yielding 200 homeownership opportunities.
- Eastside Homeownership Zone (EHZ): WHPartnership has been working in the EHZ since 1999 developing projects such as Kirkwood Manor I (14 newly constructed homes), Kirkwood Manor II (26 rehabbed homes), McCaulley Court (57 newly constructed homes) and Kirkwood Manor III (Hope Landing - 17 newly constructed homes). Kirkwood Manor III (Hope Landing) Phase II was completed in fiscal year 2008. WHPartnership is continuing to look for neighborhood revitalization opportunities in this area.
- Income-Diversity Projects: The Villas of Little Italy consists of 2 rehabbed units of the former DiNardo's Crab House and five newly constructed units located directly across the street in an old vacant lot. The rehab units were sold in fiscal year 2007, and 5 newly constructed townhomes were completed in fiscal year 2009. Three of the five units were sold in fiscal year 2009, and the final two were sold in fiscal year 2010. The Christina Overlook project located in Browntown will be comprised of 33 market rate homes. Approval has been received for subdivision, vacation of an unused street and preliminary construction drawings. Both projects will have a tremendous and positive impact on the Westside and Browntown RISE neighborhoods.
- Property Management of Inventory: WHPartnership's properties are consistently monitored to ensure that acceptable plans for rehabilitation, transfer, sale, etc. are developed. Inventory was both decreased and increased as indicated earlier.

## **Contributions**

In fiscal year 2010, WHPartnership received \$376,000 in contributions from various organizations. The list of contributors is noted later in the report.

## **Revenues**

As indicated by the chart that follows, in fiscal year 2010, real estate sales contributed to most of WHPartnership's revenue. In fiscal year 2010, real estate sales accounted for 53% of the revenue compared to 46% in fiscal year 2009. This was in part attributed to the selling out of WHPartnership's Franklin Chase project and the decrease in Federal awards and contributions. Fiscal year 2010 saw the end of the Federal award from the City of Wilmington but was awarded \$415,542 in the Neighborhood Stabilization Program which represents 14% of revenue.



## Operating Budget

WHPartnership had a fiscal year 2010 operating budget of \$394,295. Overall, WHPartnership spent 91% of the budget, or \$357,184. The major categories that the actual expenses contributed most to the 91% budget were in marketing which includes advertising, public relations, fundraising expenses, and staff which includes salaries. Budget and actual expenses for the fiscal year 2010 were as follows:

<u>Expenses</u>	<u>2010 Budget</u>	<u>2010 Actual</u>	<u>Actual as % of Budget</u>
Outside expenses	\$ 34,830	\$ 29,934	86%
Office expenses	16,040	13,433	84%
Other expenses	21,740	17,745	82%
Marketing	32,670	32,112	98%
Staffing	<u>289,015</u>	<u>263,960</u>	<u>91%</u>
Total	<u>\$ 394,295</u>	<u>\$ 357,184</u>	<u>91%</u>

Through diligent analysis and planning, WHPartnership's operating expenses came in under budget in fiscal year 2010.

## Economic Factors and Next Year's Budget

Based on fiscal year 2010 spending and in light of the continuing volatile economic environment, the Finance Committee and the Board of Directors have set the fiscal year 2011 budget for WHPartnership at \$394,295. WHPartnership has a history of efficient operating expenses related to production.

## Requests for Information

This financial report is designed to provide a general overview of the WHPartnership finances for all those with an interest in WHPartnership's finances.

Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jerry Cain, Executive Director, Wilmington Housing Partnership, Louis J. Redding City/County Building, 800 N. French Street, Wilmington, Delaware 19801.

WILMINGTON HOUSING PARTNERSHIP CORPORATION

BALANCE SHEETS

June 30, 2010 and 2009

ASSETS

	<u>2010</u>	<u>2009</u>
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 74,641	\$ 523,116
Grant receivable	167,448	384,465
Pledges receivable	<u>355,000</u>	<u>270,714</u>
Total current assets	597,089	1,178,295
<b>NON-CURRENT ASSETS</b>		
Notes receivable – net	1,851,934	1,983,576
Pledges receivable – net	753,296	901,786
Advances receivable – net	22,150	22,150
Property held for development	5,527,675	5,965,075
Capital assets – net	<u>6,358</u>	<u>2,191</u>
Total non-current assets	<u>8,161,413</u>	<u>8,874,778</u>
<b>TOTAL ASSETS</b>	<b><u>\$ 8,758,502</u></b>	<b><u>\$ 10,053,073</u></b>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 59,294	\$ 30,682
Retainage payable	41,426	101,098
Loans payable	571,688	1,300,000
Accrued subsidies on property held for development	<u>1,290,152</u>	<u>1,068,010</u>
Total current liabilities	1,962,560	2,499,790
<b>NET ASSETS</b>		
Invested in capital assets – net of related debt	6,358	2,191
Unrestricted	<u>6,789,584</u>	<u>7,551,092</u>
Total net assets	<u>6,795,942</u>	<u>7,553,283</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<b><u>\$ 8,758,502</u></b>	<b><u>\$ 10,053,073</u></b>

The accompanying notes are an integral part of these financial statements.



WILMINGTON HOUSING PARTNERSHIP CORPORATION

STATEMENTS OF REVENUE, EXPENSES AND  
CHANGE IN FUND NET ASSETS

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
OPERATING REVENUE		
Real estate sales		
Sales revenue	\$ 1,481,279	\$ 2,637,846
Income from equity sharing sales	-	15,000
Cost of sales	<u>(2,677,776)</u>	<u>(3,690,779)</u>
Total real estate sales – net	(1,196,497)	(1,037,933)
Other revenue		
Contributions	450,475	1,751,031
Grants	408,072	1,428,426
Interest income	9,193	6,999
Miscellaneous income	75,460	47,310
Total other revenue	<u>943,200</u>	<u>3,233,766</u>
Net operating revenue	(253,297)	2,195,833
OPERATING EXPENSE		
Property acquisition and demolition	50,780	16,875
Project contributions	-	328,558
Program administrative expenses	<u>453,264</u>	<u>405,122</u>
Total operating expenses	<u>504,044</u>	<u>750,555</u>
Change in net assets	(757,341)	1,445,278
Net assets – beginning of year	<u>7,553,283</u>	<u>6,108,005</u>
Net assets – end of year	<u>\$ 6,795,942</u>	<u>\$ 7,553,283</u>

The accompanying notes are an integral part of these financial statements.

WILMINGTON HOUSING PARTNERSHIP CORPORATION

STATEMENTS OF CASH FLOWS

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Proceeds from real estate sales	\$ 1,481,279	\$ 2,637,846
Proceeds from equity sharing	-	15,000
Cash received from contributions	514,679	726,245
Collections on notes receivable	131,642	503,242
Cash received from grants	625,089	1,043,961
Cash received from other operating revenue	75,460	47,310
Additions to property held for development	(2,077,906)	(3,674,139)
Cash paid to suppliers	(203,535)	(546,408)
Cash paid for employee salaries	(268,678)	(208,215)
Interest received	9,193	6,999
	<u>287,223</u>	<u>551,841</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Fixed asset additions	<u>(7,386)</u>	<u>(3,400)</u>
	(7,386)	(3,400)
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES</b>		
Payments on loan payable to City of Wilmington	<u>(728,312)</u>	<u>(300,000)</u>
	(728,312)	(300,000)
Net (decrease) increase in cash and cash equivalents	(448,475)	248,441
Cash and cash equivalents – beginning of year	<u>523,116</u>	<u>274,675</u>
Cash and cash equivalents – end of year	<u>\$ 74,641</u>	<u>\$ 523,116</u>

Continued . . .

The accompanying notes are an integral part of these financial statements.

WILMINGTON HOUSING PARTNERSHIP CORPORATION

STATEMENTS OF CASH FLOWS – CONTINUED

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF CHANGE IN NET ASSETS TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Change in net assets	\$ (757,341)	\$ 1,445,278
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expense	3,219	9,787
(Increase) decrease in assets		
Grant receivable	217,017	(384,465)
Notes receivable	131,642	503,242
Pledges receivable	64,204	(1,024,786)
Property held for development	437,400	164,389
Increase (decrease) in liabilities		
Accounts payable	28,612	(13,855)
Retainage payable	(59,672)	(80,252)
Accrued subsidies on property held for development	<u>222,142</u>	<u>(67,497)</u>
Total adjustments	<u>1,044,564</u>	<u>(893,437)</u>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 287,223</u>	<u>\$ 551,841</u>

The accompanying notes are an integral part of these financial statements.

WILMINGTON HOUSING PARTNERSHIP CORPORATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2010 and 2009

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Nature of Activities

Wilmington Housing Partnership Corporation (the Corporation) is a not-for-profit organization formed to assist residents of the City of Wilmington (the City) in obtaining affordable housing. The Corporation provides loans and subsidies to developers for construction of new homes as well as for the renovation of existing units. The Corporation, in some situations, is also a developer itself. As such, it may acquire property, demolish unusable buildings, renovate older homes or construct new homes. The Corporation is a separate legal entity from, and is not associated with, the City of Wilmington or the Wilmington Housing Authority.

2. Basis of Presentation

The accompanying financial statements have been prepared using the economic resources measurement focus and the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America, as prescribed by the Governmental Accounting Standards Board (GASB). Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements have been met.

The Corporation has determined that it functions as a Business Type Activity, as defined by GASB. The effect of interfund activity has been eliminated from these financial statements. The significant GASB standards followed by the Corporation are described as follows:

In June 1999, GASB Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State or Local Governments*, was issued. This statement established new financial reporting requirements. It established that the basic financial statements and required supplementary information (RSI) for general-purpose governments should consist of a management's discussion and analysis, basic financial statements and required supplementary information.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

2. Basis of Presentation (Continued)

The Corporation adopted GASB Statement No. 34 as of July 1, 2003. Private-sector standards of accounting and financial reporting issued prior to December 1, 1989 generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Entities also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The Corporation has elected not to follow subsequent private-sector guidance.

3. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires that management make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

4. Cash and Cash Equivalents

Cash is comprised of demand deposits and money market accounts with financial institutions located in Wilmington, Delaware. Under the general deposit insurance rules, the Federal Deposit Insurance Corporation (FDIC) secures bank accounts up to \$250,000 per depositor. At June 30, 2010 and 2009, the amount uninsured was \$0 and \$322,261, respectively.

For purposes of the statement of cash flows, the Corporation considers all highly liquid investments with an initial maturity of three months or less to be cash equivalents.

5. Loan Loss Reserves

The Corporation provides an allowance whenever any notes, loans or other receivables become doubtful of collection and the doubtful portion can be reasonably estimated. The provision reduces the carrying amount of the receivables to their net realizable amounts.

NOTE A – NATURE OF ACTIVITIES AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

6. Property Held for Development

Property held for development is carried at cost. Cost includes initial acquisition and all subsequent costs to develop the property. It is not the Corporation's intent to earn a profit selling developed property. Generally, sales are at a loss. The Corporation considers losses incurred to be a subsidy to the respective buyer. However, in accordance with accounting principles generally accepted in the United States of America, the Corporation records a provision for estimated losses on developed property in the period such losses are determined. These estimated losses are recorded on the balance sheet as a liability entitled *accrued subsidies on property held for development*.

Occasionally properties are acquired that are ultimately given away. These properties are valued at \$1. All costs related to these properties are expensed in the period incurred.

7. Property and Equipment

Property and equipment are recorded at cost. Depreciation is recorded using the straight-line method over the estimated useful lives of the related assets. Estimated useful lives range from five to seven years. Expenditures for major renewals and betterments that extend the useful lives of property and equipment are capitalized. Expenditures for maintenance and repairs are charged to expense as incurred. The Corporation's capitalization threshold is \$500.

8. Income Tax

The Corporation is a not-for-profit organization that is exempt from income tax under Section 501(c)(3) of the *Internal Revenue Code*. In addition, the Corporation qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

9. Advertising

Advertising costs are expensed as incurred. Advertising expense was \$31,854 and \$20,987 for the years ended June 30, 2010 and 2009, respectively.

10. Subsequent Events

Wilmington Housing Partnership Corporation has evaluated subsequent events through November 22, 2010, the date the financial statements were available to be issued.

NOTE B – FINANCIAL INSTRUMENTS

Financial instruments other than cash that potentially subject the Corporation to concentrations of credit risk consist principally of notes receivable. Concentrations of credit risk with respect to notes receivable are limited due to the underlying customer base.

NOTE C – PLEDGES RECEIVABLE

Pledges receivable consisted of the following for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Wilmington Trust Company	\$ 165,000	\$ -
City of Wilmington	1,000,000	1,250,000
PNC Bank	20,000	40,000
Less: unamortized discount (2.97% for 2010 and 3.50% for 2009)	<u>(76,704)</u>	<u>(118,214)</u>
Net pledges receivable	<u>\$ 1,108,296</u>	<u>\$ 1,171,786</u>
Amount due in less than one year	\$ 355,000	\$ 270,000
Amount due in one to five years	<u>753,296</u>	<u>901,786</u>
	<u>\$ 1,108,296</u>	<u>\$ 1,171,786</u>

NOTE D – NOTES RECEIVABLE

Notes receivable consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Note receivable from Cameo Enterprises – interest at 4% for 30 years, secured by property.	\$ 67,340	\$ 67,340
Note receivable from Bethel Villa Associates, L.P. – (\$300,000 original loan, \$187,000 loan for property taxes), non-interest bearing, balloon payment due May 30, 2014, secured by a mortgage and all tangible property of the project.	187,000	187,000

NOTE D – NOTES RECEIVABLE (CONTINUED)

	<u>2010</u>	<u>2009</u>
Notes receivable from recipients of Low Income and Down Payment Settlement Assistance loans (LIDPSA/DPSA) – Individual loans are subject to a maximum amount of \$7,500. Loans are subject to 0% or 5% interest, depending on the borrower’s income, due when the property is sold or when the first mortgage is repaid, secured by second mortgages on the properties.*	\$1,847,903	\$1,892,988
Note receivable from the buyers of the individual units of the ALMAC project – Loans range from 84 to 360 months, with maturity dates through November 2003, payable in annual installments, amortized monthly at interest rates ranging from 4 % to 7%, secured by second mortgages on the properties.*	135,875	135,875
Note receivable from Casale Construction – non-interest bearing, payable as homes are rehabilitated/built and sold.	-	100,000
Note receivable to individual buyers of WHDC projects, collateralized by subordinated liens on the properties – Loans range from 24 to 360 months, with maturity dates through January 2029. Some of the mortgages are receivable in monthly or annual installments, with interest rates ranging from 0% to 7%. Other mortgages are self-amortizing and are forgiven each year if the individual does not sell the home. The amount forgiven is included in loan forgiveness expense for the year.*	<u>133,605</u> 2,371,723	<u>131,004</u> 2,514,207
*Less: allowance for uncollectible amounts	<u>(519,789)</u>	<u>(530,631)</u>
	<u>\$1,851,934</u>	<u>\$1,983,576</u>



NOTE E – CAPITAL ASSETS

Capital assets consisted of the following at June 30:

	<u>2010</u>	<u>2009</u>
Furniture and fixtures	\$ 27,667	\$ 27,167
Less: accumulated depreciation	<u>(21,309)</u>	<u>(24,976)</u>
	<u>\$ 6,358</u>	<u>\$ 2,191</u>

Depreciation expense charged to operations was \$3,219 and \$9,787 at June 30, 2010 and 2009, respectively.

NOTE F – ADVANCES RECEIVABLE

The Corporation has entered into agency agreements to carry out approved programs of acquisition, construction or rehabilitation, and sale of properties. Outstanding advances are usually secured by a mortgage held by the Corporation on each subject property.

Advances receivable consisted of the following at June 30:

<u>Agency or Project Name</u>	<u>2010</u>	<u>2009</u>
Cameo Enterprises	<u>\$ 22,150</u>	<u>\$ 22,150</u>

NOTE G – LOAN PAYABLE – CITY OF WILMINGTON

The Corporation has an unsecured loan from the City of Wilmington, allowing the Corporation to borrow up to \$1.6 million for the purchase of properties to be rehabilitated and sold. The interest rate for this loan is determined by the lender, but is equal to either the adjusted London interbank offered rate (Libor) for the period in effect plus one-quarter percent or the prime rate. Interest payments are made quarterly, and principal payments are due only when properties for which the loans were created are sold. At June 30, 2010 and 2009, the amount owed was \$200,000 and \$1,300,000, respectively. The Corporation had no subsequent draws, and the loan had matured and been fully repaid as of November 22, 2010.

Subsequent to year end but prior to November 22, 2010, the Corporation entered into a new unsecured loan with the City of Wilmington, allowing the Corporation to borrow up to \$4 million for the purchase of properties to be rehabilitated and sold. The interest rate for this loan is determined by the lender, but is equal to either the adjusted London interbank offered rate (Libor) for the period in effect plus .70% or the prime rate. Interest payments are made quarterly, and principal payments are due only when properties for which the loans were created are sold. The loan matures on September 30, 2013, at which time any unpaid balance becomes due. Draws on this line amounted to \$300,000 as of November 22, 2010.

NOTE G – LOAN PAYABLE – CITY OF WILMINGTON (CONTINUED)

In October 2009, the Corporation received a loan from the City of Wilmington in the amount of \$371,688, derived from Federal Neighborhood Stabilization Program Funds (NSP). This loan was for the purchase of an abandoned parcel comprised of 106 7<sup>th</sup> Avenue, 1315 Brown Street, and 1400 Anchorage Street in Wilmington, Delaware. Under the terms of the loan, the Corporation is required to rehabilitate the property for use as low-income, owner-occupied housing. In accordance with NSP guidelines and under the terms of the agreement with the City, the units constructed must remain affordable housing for a specified number of years, which is dependent on the number of units constructed. Once these conditions have been satisfied, the loan obligation reverts to a grant. As of June 30, 2010, no units had been constructed, and the balance on the loan was \$371,688.

NOTE H – CONTRIBUTIONS

Contribution revenue, before pledge discounts, included the following for the years ended June 30:

	<u>2010</u>	<u>2009</u>
Artisan's Bank	\$ 1,000	\$ -
Bank of America	-	100,000
City of Wilmington	-	1,500,000
Delaware Community Foundation	-	10,000
HSBC Bank	20,000	25,000
JPMorgan Chase	75,000	-
Laffey-McHugh Foundation	25,000	15,000
Longwood Foundation	-	100,000
PNC Bank	-	60,000
Wilmington Trust	250,000	-
WSFS Bank	5,000	5,000
	<u>\$ 376,000</u>	<u>\$ 1,815,000</u>

NOTE I – INCOME FROM EQUITY SHARING

McCaulley Court properties were initially sold during 1998 with an agreement that, if the initial purchaser sold the home within 10 years, the homeowner would owe the Corporation a proportionate share of the appreciated value. During 2009 and 2008, initial homeowners who sold McCaulley Court properties were liable to the Corporation for varying amounts determined by their retention agreements. There were no amounts recognized as income from equity sharing sales at June 30, 2010 and 2009.

In 2005, the Corporation entered into an agreement with Habitat for Humanity for New Castle County, Inc. (Habitat) whereby the Corporation transferred property located on Bennett, Church and E. 7<sup>th</sup> streets to Habitat. Habitat will act as developer on this property. Upon the eventual sale of each house developed, the Corporation is due \$15,000. During the years ended June 30, 2010 and 2009, the Corporation received \$0 and \$15,000, respectively.

NOTE J – DONATED FACILITIES AND SERVICES

The estimated fair market value of donated services and facilities received from the City of Wilmington included in the financial statements was as follows as of June 30:

	<u>2010</u>	<u>2009</u>
Administrative services	\$ 20,161	\$ 37,913
Computers	500	11
Conferences	549	549
Copies	709	692
Postage	355	346
Rent	8,994	13,078
Telephone	795	775
Utilities	902	880
	<u>\$ 32,965</u>	<u>\$ 54,244</u>

NOTE K – COMMITMENTS AND CONTINGENCIES

The Corporation has entered into various contracts with subcontractors for repair, renovation, demolition and clean-up services for properties owned by the Corporation.

The Corporation is exposed to various risks of loss relating to general liability, property held for resale or renovation, and worker's compensation and health and accident claims. It is the Corporation's policy to insure properties that are owned through a property-specific, general liability policy. The Corporation also holds directors' and officers' insurance.

In the normal course of business, there are various commitments and contingencies outstanding which are not reflected in these financial statements. In the opinion of management, the outcome of such events, if any, will not have a material effect on the Corporation's financial statements.

SUPPLEMENTARY INFORMATION

WILMINGTON HOUSING PARTNERSHIP CORPORATION

SCHEDULES OF PROJECT CONTRIBUTIONS

For the Years Ended June 30, 2010 and 2009

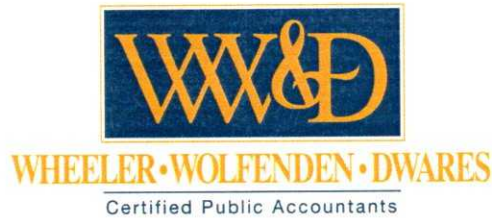
	<u>2010</u>	<u>2009</u>
Live Near Your Work	\$ -	\$ 723
Ministry of Caring	-	985
716-718 Franklin Street	-	1,750
Southbridge	-	250
Cornerstone West	-	71,324
River's Edge	-	33,126
Habitat for Humanity	-	20,400
Neighborhood House	-	-
Greater Brandywine Village Revitalization	-	-
Interfaith Community Housing	-	200,000
Habitat – Webster Village	-	-
	<u>                    </u>	<u>                    </u>
	\$ -	\$ 328,558

WILMINGTON HOUSING PARTNERSHIP CORPORATION  
SCHEDULES OF PROGRAM ADMINISTRATIVE EXPENSES

For the Years Ended June 30, 2010 and 2009

	<u>2010</u>	<u>2009</u>
Administrative services	\$ 20,161	\$ 37,914
Advertising	31,854	20,987
Annual report	1,246	-
Bank charges	-	126
Consulting/promotion fees	-	10,664
Depreciation	3,219	9,787
Dues and subscriptions	1,775	1,268
Fundraising	301	-
Insurance	513	716
Interest expense	-	-
Legal and accounting fees	29,229	27,127
Meetings	7,029	5,141
Office expense	19,631	18,604
Payroll expenses	47,686	37,769
Postage	440	1,032
Printing	939	846
Public relations	1,309	5,189
Rent	9,543	13,627
Salaries	268,678	208,215
Taxes and licenses	25	100
Telephone	632	775
Temporary help	-	-
Training	5,507	950
Travel	2,145	3,394
Utilities	1,402	891
	<u>453,264</u>	<u>405,122</u>
Total program administrative expenses	\$ <u>453,264</u>	\$ <u>405,122</u>

OTHER REPORTS



INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL  
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND  
OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL  
STATEMENTS PERFORMED IN ACCORDANCE WITH  
*GOVERNMENT AUDITING STANDARDS*

To the Board of Directors  
Wilmington Housing Partnership Corporation  
Wilmington, Delaware

We have audited the financial statements of Wilmington Housing Partnership Corporation (the Corporation) as of and for the year ended June 30, 2010, and have issued our report thereon dated November 22, 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 Wilmington Housing Partnership Corporation's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Wilmington Housing Partnership Corporation's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Corporation'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 and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting 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 financial reporting 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 defined above.



To the Board of Directors  
Wilmington Housing Partnership Corporation

Compliance and Other Matters

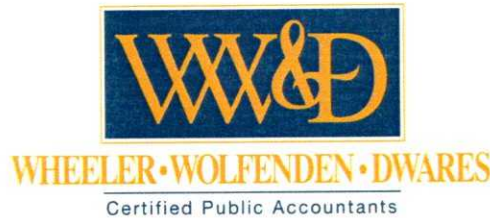
As part of obtaining reasonable assurance about whether Wilmington Housing Partnership Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could 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 under *Government Auditing Standards*.

This report is intended solely for the information and use of the board of directors, the finance committee, management and others within Wilmington Housing Partnership Corporation and is not intended to be, and should not be, used by anyone other than these specified parties.



Wendy Wolford, CPA

November 22, 2010  
Wilmington, Delaware



INDEPENDENT AUDITORS' REPORT ON COMPLIANCE  
WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND  
ON INTERNAL CONTROL OVER COMPLIANCE  
IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Directors  
Wilmington Housing Partnership Corporation  
Wilmington, Delaware

Compliance

We have audited the compliance of Wilmington Housing Partnership Corporation (the Corporation) 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 each of its major federal programs for the year ended June 30, 2010. The Corporation's 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 each of its major federal programs is the responsibility of the Corporation's management. Our responsibility is to express an opinion on Wilmington Housing Partnership Corporation's 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 a major federal program occurred. An audit includes examining, on a test basis, evidence about the Corporation's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Wilmington Housing Partnership Corporation's compliance with those requirements.

In our opinion, Wilmington Housing Partnership Corporation complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

To the Board of Directors  
Wilmington Housing Partnership Corporation

Internal Control over Compliance

Management of Wilmington Housing Partnership Corporation is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Wilmington Housing Partnership Corporation's internal control over compliance with the requirements that could have a direct and material effect on a major federal program 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 Wilmington Housing Partnership Corporation's internal control over compliance.

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

Our consideration of internal control over compliance 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 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 defined above.

This report is intended solely for the information and use of the board of directors, finance committee, management, 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.



November 22, 2010  
Wilmington, Delaware

WILMINGTON HOUSING PARTNERSHIP CORPORATION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Year Ended June 30, 2010

<u>FEDERAL GRANTOR/PASS-THROUGH GRANTOR/PROGRAM TITLE</u>	<u>CFDA Number</u>	<u>Amount</u>
U.S. Department of HUD – passed through from the City of Wilmington, Delaware		
Community Development Block Grant Program	14.218	\$ 521,865
HOME Investment Partnerships Program	14.239	<u>137,935</u>
Total expenditures of federal awards		<u>\$ 659,800</u>

The accompanying notes are an integral part of this schedule.

WILMINGTON HOUSING PARTNERSHIP

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2010

NOTE A – GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all federal award programs of Wilmington Housing Partnership Corporation. The Corporation's nature of activities and summary of significant accounting policies are defined in NOTE A of the basic financial statements.

NOTE B – BASIS OF ACCOUNTING

The financial statements are prepared on the accrual basis of accounting.

NOTE C – RELATIONSHIP TO CORPORATION'S FINANCIAL STATEMENTS

The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

WILMINGTON HOUSING PARTNERSHIP CORPORATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

SECTION I – SUMMARY OF AUDITORS' RESULTS

Financial Statements

Type of auditors' report issued is unqualified.

Internal control over financial reporting

- Material weakness(es) identified?                     yes     no
- Significant deficiency(ies) identified that are 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 that are not  
considered to be material weakness(es)?                     yes     none reported

Type of auditors' report issued on compliance for major programs is unqualified.

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?                     yes     no

The program tested as major was:  
Community Development Block Grants CFDA 14.218.

Dollar threshold used to distinguish between  
Types A and B programs was \$300,000.

Auditee qualified as low-risk auditee:                     yes     no

WILMINGTON HOUSING PARTNERSHIP CORPORATION  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED)

For the Year Ended June 30, 2010

SECTION II -- FINANCIAL STATEMENT FINDINGS

The audit disclosed no findings required to be reported under auditing standards generally accepted in the United States of America.

SECTION III -- FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

The audit disclosed no findings required to be reported as findings and questioned costs of section 510(a) of Circular A-133.