Housing for Ohio, Inc.
(a not-for-profit organization)

Financial Report

June 30, 2010 and 2009

Mary Taylor, CPA
Auditor of State

Board of Trustees
Housing for Ohio, Inc.
204 HDL Center
Athens, Ohio 45701

We have reviewed the *Independent Auditor's Report* of the Housing for Ohio, Inc., Athens County, prepared by Plante & Moran, PLLC, for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Housing for Ohio, Inc. is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 7, 2010

88 E. Broad St. / Fifth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us

This Page is Intentionally Left Blank.

Housing for Ohio, Inc.

Contents

Report Letter 1

Financial Statements

Statement of Financial Position 2

Statement of Activities and Changes in Net Assets 3

Statement of Cash Flows 4

Notes to Financial Statements 5-13

Report of Independent Auditors 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* 14-15

Schedule of Findings and Responses 16

plante moran

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

Independent Auditor's Report

To the Board of Trustees
Housing for Ohio, Inc.

We have audited the accompanying statement of financial position of Housing for Ohio, Inc. (the "Organization") (a not-for-profit organization) as of June 30, 2010 and 2009 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of June 30, 2010 and 2009 and the changes in net assets 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 report dated October 5, 2010 on our consideration of Housing for Ohio, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report (included in pages 14 and 15 herein) is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audits.

Plante & Moran, PLLC

October 5, 2010

Statement of Financial Position

	June 30	
	2010	2009
Assets		
Cash	$ 1,380,434	$ 827,552
Accounts receivable	6,560	8,105
Prepaid expenses	88,811	83,305
Property and equipment, less accumulated depreciation (Note 4)	20,923,756	21,708,617
Security deposits held in trust	37,417	60,675
Assets held by trustee (Notes 3 and 5)	3,335,751	3,474,439
Deferred financing costs, less accumulated amortization of $273,587 in 2010 and $247,430 in 2009 (Note 6)	553,362	579,519
Prepaid lease expense, less accumulated amortization of $224,072 in 2010 and $201,285 in 2009 (Note 7)	687,406	710,193
Total assets	**$ 27,013,497**	**$ 27,452,405**
Liabilities and Deficiency in Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 197,317	$ 130,082
Deferred rental income	102,959	174,412
Tenant security deposits	42,378	60,675
Note payable (Note 8)	280,000	350,000
Loan payable (Note 8)	28,195,000	28,865,000
Total liabilities	28,817,654	29,580,169
Deficiency in Net Assets - Unrestricted	(1,804,157)	(2,127,764)
Total liabilities and deficiency in net assets	**$ 27,013,497**	**$ 27,452,405**

Housing for Ohio, Inc.

Statement of Activities and Changes in Net Assets

	Year Ended June 30	
	2010	2009
Revenue		
Rental income	$ 2,826,017	$ 3,655,985
Other operating income related to rental activity	162,536	298,655
Interest income	74,045	107,797
Total revenue	3,062,598	4,062,437
Expenses		
Administrative	145,216	186,988
Advertising and promotion	45,950	45,853
Property management fees	150,211	176,176
Professional fees	29,477	42,660
Payroll and related expenses	179,574	256,294
Maintenance and repairs	121,856	220,882
Utilities	597,623	606,163
Tax and insurance	151,023	291,059
Depreciation	800,508	806,486
Amortization	48,944	48,944
Interest expense	67,898	551,249
Bond fees	400,711	336,116
Total expenses	2,738,991	3,568,870
Increase in Net Assets	323,607	493,567
Deficiency in Net Assets - Beginning of year	(2,127,764)	(2,621,331)
Deficiency in Net Assets - End of year	**$ (1,804,157)**	**$ (2,127,764)**

The Notes to the Financial Statements are
an Integral Part of this Statement.

Housing for Ohio, Inc.

Statement of Cash Flows

	Year Ended June 30	
	2010	2009
Cash Flows from Operating Activities		
Increase in net assets	$ 323,607	$ 493,567
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	849,452	855,430
Changes in assets and liabilities which provided (used) cash:		
Accounts receivable	1,545	3,776
Prepaid expenses	(5,506)	186
Security deposits held in trust	23,258	42,971
Accounts payable and accrued liabilities	67,235	(15,110)
Deferred rental income	(71,453)	26,701
Tenant security deposits	(18,297)	(17,421)
Net cash provided by operating activities	1,169,841	1,390,100
Cash Flows from Investing Activities		
Increase (decrease) in assets held by trustee	138,688	(69,295)
Purchases of property and equipment	(15,647)	(72,658)
Net cash provided by (used in) investing activities	123,041	(141,953)
Cash Flows from Financing Activities - Principal payments on note and loan payable	(740,000)	(705,000)
Net Increase in Cash	552,882	543,147
Cash - Beginning of year	827,552	284,405
Cash - End of year	**$ 1,380,434**	**$ 827,552**
Supplemental Disclosure of Cash Flow Information - Cash paid during the year for interest	**$ 72,898**	**$ 578,180**

Note 1 - Nature of Entity

Housing for Ohio, Inc. (the "Organization") was organized as a managing corporation on November 18, 1999 under the laws of the State of Ohio for the purpose of acquiring, developing, constructing, and operating a 182-unit (580-bed) student housing facility. As defined in the American Institute of Certified Public Accountants' Statement of Position No. 94-3, *Reporting of Related Entities by Not-For-Profit Organizations,* the Organization is considered to be a controlled entity of The Ohio University Foundation (the "Foundation"). The Foundation's purpose is to support Ohio University, located in Athens, Ohio, its students, faculty, and staff, and the educational programs designated for its students, potential students, and alumni.

The student housing facility is currently known as University Courtyard Apartments (the "Project") and is located in Athens, Ohio. Construction of the Project began in September 2000 and was substantially complete in October 2001, at which time the Organization began operating and managing the student housing facility through the use of an external property manager.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation - Accounting standards require that resources be classified into three net asset categories according to donor-imposed restrictions. A description of each category is as follows:

- **Unrestricted Net Assets** - Unrestricted net assets are free of donor-imposed restrictions and include all revenue, expenses, gains, and losses that are not changes in temporarily or permanently restricted net assets.

- **Temporarily Restricted Net Assets** - Temporarily restricted net assets include gifts and pledges receivable for which donor-imposed restrictions have not been met and for which the ultimate purpose of the proceeds are not permanently restricted.

- **Permanently Restricted Net Assets** - Permanently restricted net assets are subject to restrictions of gift instruments requiring that the principal be invested in perpetuity. The income from these assets is included in the investment income of unrestricted and temporarily restricted funds, as appropriate, in the accompanying statement of activities and changes in net assets.

For the years ended June 30, 2010 and 2009, the Organization's deficiency in net assets was unrestricted.

Note 2 - Summary of Significant Accounting Policies (Continued)

Use of Estimates - The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to 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.

Cash - At times, cash may exceed federally insured amounts. The Organization believes it mitigates risks by depositing cash with major financial institutions.

Property and Equipment - Property and equipment additions are stated at cost. Interest incurred during the construction period was capitalized and is part of the historical cost of the student housing facility.

Property and equipment under construction are not depreciated until the assets are placed in service, which occurs once construction is substantially complete. Depreciation is provided over the estimated useful lives of the assets using the straight-line method. Estimated useful lives by asset class are as follows:

	Estimated Useful Lives
Student housing facility and improvements	15-40 years
Furnishings and equipment	5-10 years

Deferred financing costs are amortized using the straight-line method over the terms of the related debt.

Impairment of Long-lived Assets - Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. When indicators of impairment are present, management evaluates the carrying amount of such assets in relation to the operating performance and future estimated undiscounted net cash flows expected to be generated by the assets or underlying operations. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value of the assets. The assessment of the recoverability of assets will be impacted if estimated future operating cash flows are not achieved. In the opinion of management, no long-lived assets were impaired as of June 30, 2010 or 2009.

Note 2 - Summary of Significant Accounting Policies (Continued)

Prepaid Lease Expense - Prepaid lease amounts are stated at cost. The prepaid lease is amortized over the life of the lease, which is 40 years. See Note 7 for additional detail.

Recognition of Revenue - Rental income is recognized on a straight-line basis over the terms of the tenant leases (one year). Rental payments received in advance of the rental income recognition are included in deferred rental income, a liability in the accompanying statement of financial position. Late fees are recognized when tenants fail to submit rental payments under the terms of leases. Late fees and other miscellaneous fees such as month-to-month leasing agreements, rental of storage facilities, and reservation fees are included in other operating income related to rental activity in the accompanying statement of activities and changes in net assets.

Income Taxes - The Organization has been granted tax-exempt status under Section 501(a)(3) of the Internal Revenue Code (the "Code") as an organization described in Section 501(c)(3) whereby only unrelated business income, as defined by Section 512(a)(1) of the Code, is subject to federal income tax. The Organization had no significant unrelated business taxable income during fiscal years 2010 and 2009; accordingly, no provision or benefit for income taxes has been included in the accompanying financial statements.

Advertising Costs - Advertising and promotion costs are expensed as incurred. Advertising and promotion costs totaled approximately $46,000 during fiscal years 2010 and 2009.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including October 5, 2010, which is the date the financial statements were issued.

Note 3 - Fair Value Measurement

Accounting standards require certain assets be reported at fair value in the financial statements and provide a framework for establishing that fair value. The framework for determining fair value is based on a hierarchy that prioritizes the valuation techniques and inputs used to measure fair value.

In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets that the Plan has the ability to access.

Fair values determined by Level 2 inputs use other inputs that are observable, either directly or indirectly. These Level 2 inputs include quoted prices for similar assets in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals.

Note 3 - Fair Value Measurements (Continued)

Level 3 inputs are unobservable inputs, including inputs that are available in situations where there is little, if any, market activity for the related asset. The Organization does not have any Level 3 assets.

In instances where inputs used to measure fair value fall into different levels of the fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The Organization's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset.

The Organization measures investments at fair value on a recurring basis. The fair value of the Organization's investments included in assets held by trustee at June 30, 2010 and 2009 totals $3,335,751 and $3,474,439, respectively. These values are determined primarily by Level 1 inputs as described above.

Note 4 - Property and Equipment

A summary of property and equipment at June 30, 2010 and 2009 consisted of the following:

	2010	2009
Student housing facility and improvements	$ 26,865,923	$ 26,862,890
Furnishings and equipment	1,336,223	1,323,609
Total property and equipment	28,202,146	28,186,499
Less accumulated depreciation	7,278,390	6,477,882
Net property and equipment	$ 20,923,756	$ 21,708,617

Depreciation expense totaled $800,508 and $806,486 during fiscal years 2010 and 2009, respectively.

Note 5 - Assets Held by Trustee

Assets held by trustee represent cash and cash equivalents that, under the terms of the bond issue trust indenture agreement (Trust Indenture), are restricted for various purposes (see Note 8). In accordance with the terms of the Trust Indenture and related agreements, the proceeds from the bonds not used to construct the student housing facility and certain equipment and improvements were deposited with the trustee. The trustee is then authorized, through direction from the Trust Indenture and in some cases the Organization, to transfer funds out of the revenue funds to other funds as outlined in the Trust Indenture.

Funds held by the trustee consist of cash and money market investments that are primarily issued by the United States government. These short-term investments are stated at fair market value.

At June 30, 2010 and 2009, fund balances held by the trustee were as follows:

	2010	2009
Reimbursement fund	$ 118,983	$ 247,388
Debt service reserve fund	2,427,046	2,405,004
Capitalized fees fund	1,313	1,334
Pledged revenue fund	20,525	52,643
Replacement reserve fund	397,374	397,576
Operating reserve fund	370,510	370,494
Total	$ 3,335,751	$ 3,474,439

Note 6 - Deferred Financing Costs

At June 30, 2010 and 2009, deferred charges consisted of the following:

	2010	2009
Deferred financing costs	$ 826,949	$ 826,949
Less accumulated amortization	273,587	247,430
Total	$ 553,362	$ 579,519

Amortization expense associated with deferred charges totaled $26,157 in 2010 and 2009.

Estimated amortization expense for the next five years is approximately $26,000 per year.

Note 7 - Prepaid Lease Expenses

The Organization (Borrower) and Ohio University (Lessor) have entered into a ground lease for the term beginning September 1, 2000 through September 1, 2040. As a condition of the ground lease, the Organization purchased land that was turned over to the University. This land is covered under the ground lease agreement and is amortized over the term of the lease. The Organization leases the land on which the student housing facility was built from the University. The amount of the original prepaid lease totaled $911,478. Total amortization expense for the years ended June 30, 2010 and 2009 was $22,787 for each year.

Estimated amortization expense for the next five years is approximately $23,000 per year.

In addition to the lump-sum lease payment noted above, the Lessor pays an annual amount at least equal to the Local Government Support Payment (LGSP) to the City of Athens pursuant to and as defined in the agreement titled, *Local Government Support Payment for University Courtyard Project Between the Lessor and the City of Athens* (the "Agreement"). The LGSP payment is limited by the Agreement to one-half of the cash distribution received by the Organization not to exceed the valuation payment as defined in the Agreement. Related to this agreement, the Organization incurred $66,343 in 2010 and $65,807 in fiscal year 2009. These amounts are included in taxes and insurance in the accompanying statement of activities and changes in net assets.

Note 8 - Long-term Debt

Note Payable

The Organization agreed, as part of its settlement agreement with the Project's developer (see Note 9), to issue a promissory note to the developer in the amount of $700,000, of which $70,000 was payable to the Project's construction company and $630,000 was payable to the Project's developer. The note is payable in 10 annual installments of $70,000 each, commencing June 1, 2005, with the first payment made to the construction company and all payments thereafter to the developer. Each subsequent installment is payable to the developer on or before June 1 for each succeeding year until paid in full. The payment terms are predicated on the Project's current management company (which is a related party to the developer and contractor) remaining the manager of the Project. In the event that the current management company's services are terminated prior to the final payment, the remaining balance shall become immediately due and payable. There is no interest accruing on the note, and management believes that the present value discount of future payments and the calculation of imputed interest on this note are not material to the financial statements.

Note 8 - Long-term Debt (Continued)

Maturities of the note payable at June 30, 2010 are as follows:

2011	$ 70,000
2012	70,000
2013	70,000
2014	70,000
Total	$ 280,000

Loan Payable

Permanent financing for the Project was provided by funds generated from the sale of tax-exempt bonds (the "Series 2000 Bonds") issued by Athens County Port Authority (the "Issuer"). Proceeds from the sale of the Series 2000 Bonds were loaned to the Organization with repayment terms sufficient in time and amount to pay all bond service charges when due. The tax-exempt bonds of $31,985,000 have a final maturity on June 1, 2032, require monthly payments of interest and an annual principal payment on June 1, and bear interest at a variable rate as determined by a remarketing agent. Interest is payable on the first business day of each month beginning October 1, 2000 and ending June 1, 2032. Outstanding principal for the borrowing totaled $28,195,000 and $28,865,000 at June 30, 2010 and 2009, respectively.

The Organization has the ability under certain specified circumstances to select different interest rate options based on short-term and long-term periods, as defined for the Series 2000 Bonds. The average weekly interest rates for fiscal years 2010 and 2009 were 0.25 percent and 1.74 percent, respectively, and the actual interest rates at June 30, 2010 and 2009 were 0.31 percent and 0.30 percent, respectively.

The Trust Indenture specifies that certain reserves be maintained for as long as any of the principal and interest on the bonds is outstanding and unpaid. During the construction period, there were more than 10 reserve accounts maintained by the trustee. Currently, there are six separate reserves, the largest of which is a substantial debt service reserve as required by the Trust Indenture (see Note 5).

Pursuant to the loan documents, the Organization grants to the trustee first lien security title and a security interest in the real estate, property, and revenue of the Organization. The Organization also assigned to the trustee its rights under various agreements and contracts. The Series 2000 Bonds may be redeemed at the option of the bondholders under certain circumstances, and the Organization has the option to redeem the Series 2000 Bonds under certain circumstances.

Note 8 - Long-term Debt (Continued)

The Issuer and the trustee agreed that the Organization would have no liability under the various agreements delivered in connection with the issuance of the bonds beyond its interest in the Project. Although the trustee may bring appropriate action to enforce the various agreements, such as a foreclosure action or an action for specific performance, both the Issuer and the trustee agreed not to sue for, seek, or demand any deficiency against the Organization in connection with the loan agreements or bond documents.

Maturities of bonds payable at June 30, 2010 are as follows:

2011	$ 705,000
2012	740,000
2013	780,000
2014	820,000
2015	865,000
Thereafter	24,285,000
Total	$ 28,195,000

In connection with the issuance of the Series 2000 Bonds, the Organization was required to obtain an irrevocable letter of credit in the amount of $32,528,745 from a financial institution. The current amount of the letter of credit is reduced in accordance with the amortization schedule and represents the principal balance plus appropriate interest coverage. The letter of credit, provided by Wells Fargo, NA, serves as credit enhancement for the Series 2000 Bonds. The letter of credit is annually renewable with an expiration date in mid October. The current letter of credit agreement, in place through October 13, 2010, is subject to an annual fee of 1.20 percent of the outstanding balance on the debt. Letter of credit fee expense totaled $327,823 and $264,512 at June 30, 2010 and 2009, respectively, which is included in bond fees in the accompanying statement of activities and changes in net assets.

The Organization is subject to various financial and nonfinancial covenants under certain bond documents. The Trust Indenture contains significant limitations and restrictions on annual debt service requirements, maintenance of and flow of monies through various restricted accounts, minimum amounts to be maintained in various sinking funds, and minimum bond coverages.

Note 9 - Commitments

The Organization entered into a management agreement with an unrelated management company (the "Manager"), pursuant to which the Manager is responsible for the general management of the Project. The initial term of the agreement expired in September 2006; however, the agreement is automatically renewed annually for an additional year at the option of the Manager unless terminated by the Organization prior to that date in accordance with the agreement. For each month, the management company receives compensation equal to $8,000 plus 5 percent of Project revenue for the month, not to exceed an additional $8,000. The management company's total compensation is not to exceed $16,000 monthly. The payment of such property management fees is subject to the maintenance of a required debt service coverage ratio and a required debt service reserve. Property management fees are cumulative in the event that debt service requirements are not met. Property management fees totaled $150,211 and $176,176 for fiscal 2010 and 2009, respectively. The terms of the agreement are subordinate to the bonds and related agreements and any other debt of the Organization.

plante moran

Plante & Moran, PLLC
Suite 600
65 E. State St.
Columbus, OH 43215
Tel: 614.849.3000
Fax: 614.221.3535
plantemoran.com

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

To the Board of Trustees
Housing for Ohio, Inc.
Athens, OH

We have audited the accompanying financial statements of Housing for Ohio, Inc. (the "Organization"), a not-for-profit corporation, as of and for the years ended June 30, 2010 and 2009 and have issued our report thereon dated October 5, 2010. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Organization'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 and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

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

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

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

We consider the deficiency described in the accompanying schedule of findings and responses as item 2010-1 to be a significant deficiency in internal control over financial reporting.

To the Board of Trustees
Housing for Ohio, Inc.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we do not believe the significant deficiency described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Organization'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*.

The Organization's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. We did not audit the Organization's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of the board of trustees and management of the Organization and the Auditor of the State of Ohio and is not intended to be, and should not be, used by anyone other than these specified parties.

Plante & Moran, PLLC

October 5, 2010

Reference Number	Findings
2010-1	**Finding Type** - Significant deficiency

Criteria - The actual value of the building should be depreciated based on the asset's useful life.

Condition - During 2009, it was identified that the Organization was over depreciating the building on an annual basis by not adjusting the building's net book value based on previous audit adjustments. During the 2009 audit, a solution was determined and appropriate action was taken to resolve the misstatement. During 2010, it was noted that the Organization did not make the appropriate adjustments in the 2010 audit in order to correctly depreciate the building.

Cause - The Organization is utilizing Excel to calculate the depreciation expense and this workpaper was not properly adjusted during the prior year audit and resulted in a misstatement of the depreciation expense and accumulated depreciation accounts.

Effect or Potential Effect - The current year depreciation expense and accumulated depreciation balances would have been overstated if not identified by the auditors.

Recommendation - We suggest management perform a thorough review of account balances to verify that all balances appear proper.

Views of Responsible Officials and Planned Corrective Actions - The Organization will work with the property manager to ensure accurate accumulated depreciation balances and depreciation expense.

This Page is Intentionally Left Blank.

Mary Taylor, CPA
Auditor of State

HOUSING FOR OHIO INC.

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
DECEMBER 21, 2010

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us