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

Financial Report

June 30, 2009 and 2008

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, 2008 through June 30, 2009. 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

November 4, 2009

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Housing for Ohio, Inc.

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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, 2009 and 2008 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, 2009 and 2008 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.

Plante & Moran, PLLC

October 14, 2009

Statement of Financial Position

	June 30 2009	June 30 2008
Assets		
Cash	$ 827,552	$ 284,405
Accounts receivable	8,105	11,881
Prepaid expenses	83,305	83,491
Property and equipment, less accumulated depreciation (Note 4)	21,708,617	22,442,445
Security deposits held in trust	60,675	103,646
Assets held by trustee (Notes 3 and 5)	3,474,439	3,405,144
Deferred financing costs, less accumulated amortization of $247,430 in 2009 and $221,273 in 2008 (Note 6)	579,519	605,676
Prepaid lease expense, less accumulated amortization of $201,285 in 2009 and $178,498 in 2008 (Note 7)	710,193	732,980
Total assets	**$ 27,452,405**	**$ 27,669,668**
Liabilities and Deficiency in Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 130,082	$ 145,192
Deferred rental income	174,412	147,711
Tenant security deposits	60,675	78,096
Note payable (Note 8)	350,000	420,000
Loan payable (Note 8)	28,865,000	29,500,000
Total liabilities	29,580,169	30,290,999
Deficiency in Net Assets - Unrestricted	(2,127,764)	(2,621,331)
Total liabilities and deficiency in net assets	**$ 27,452,405**	**$ 27,669,668**

Housing for Ohio, Inc.

Statement of Activities and Changes in Net Assets

	Year Ended June 30 2009	Year Ended June 30 2008
Revenues		
Rental income	$ 3,655,985	$ 3,616,013
Other operating income related to rental activity	298,655	320,985
Interest income	107,797	104,994
Total revenues	4,062,437	4,041,992
Expenses		
Administrative	186,988	182,571
Advertising and promotion	45,853	40,665
Property management fees	176,176	177,662
Professional fees	42,660	25,680
Payroll and related expenses	256,294	264,416
Maintenance and repairs	220,882	152,496
Utilities	606,163	580,943
Tax and insurance	291,059	94,996
Depreciation	806,486	863,116
Amortization	48,944	57,753
Interest expense	551,249	878,023
Bond fees	336,116	355,284
Total expenses	3,568,870	3,673,605
Increase in Net Assets	493,567	368,387
Deficiency in Net Assets - Beginning of year	(2,621,331)	(2,689,718)
Net Distributions	-	(300,000)
Deficiency in Net Assets - End of year	**$ (2,127,764)**	**$ (2,621,331)**

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 2009	Year Ended June 30 2008
Cash Flows from Operating Activities		
Increase in net assets	$ 493,567	$ 368,387
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	855,430	920,869
Changes in assets and liabilities:		
Accounts receivable	3,776	706
Prepaid expenses	186	4,150
Security deposits held in trust	42,971	7,054
Accounts payable and accrued liabilities	(15,110)	(69,868)
Deferred rental income	26,701	54,552
Tenant security deposits	(17,421)	(42,237)
Net cash provided by operating activities	1,390,100	1,243,613
Cash Flows from Investing Activities		
Increase in assets held by trustee	(69,295)	(332,160)
Purchases of property and equipment	(72,658)	(55,008)
Net cash used in investing activities	(141,953)	(387,168)
Cash Flows from Financing Activities		
Principal payments on note and loan payable	(705,000)	(645,000)
Capital distributions paid	-	(300,000)
Net cash used in financing activities	(705,000)	(945,000)
Net Increase (Decrease) in Cash	543,147	(88,555)
Cash - Beginning of year	284,405	372,960
Cash - End of year	**$ 827,552**	**$ 284,405**
Supplemental Disclosure of Cash Flow Information - Cash paid during the year for interest	**$ 578,180**	**$ 940,267**

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

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 - SFAS No. 117, *Financial Statements of Not-For-Profit Organizations*, requires 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 revenues, 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, 2009 and 2008, 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 revenues 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, 2009 or 2008.

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 2009 and 2008; 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 and $41,000 during fiscal years 2009 and 2008, respectively.

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including October 14, 2009, which is the date the financial statements were issued.

Note 3 - Fair Value Measurement

As of July 1, 2008, the Organization adopted Statement of Financial Accounting Standards No. 157, *Fair Value Measurements* (SFAS 157). SFAS 157 clarifies the definition of fair value, establishes a framework for measuring fair value, and expands the disclosures for fair value measurements. The standard applies under other accounting pronouncements that require or permit fair value measurements and does not require any new fair value measurements. The provisions of SFAS 157 are effective prospectively for periods beginning July 1, 2008 for financial assets and liabilities and for periods beginning July 1, 2009 for nonfinancial assets and liabilities as a result of the deferral of the effective date of SFAS 157 provided by FSP FAS 157-2. The implementation of the provisions of SFAS 157 for financial assets and liabilities as of July 1, 2008 did not have a material impact on the Organization's financial statements.

Note 3 - Fair Value Measurements (Continued)

SFAS 157 provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. In general, fair values determined by Level 1 inputs use quoted prices in active markets for identical assets or liabilities that the Organization 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 and liabilities in active markets, and other inputs such as interest rates and yield curves that are observable at commonly quoted intervals. 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 or liability. 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 or liability.

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, 2009 total $3,474,439 and is determined primarily by Level 1 inputs as described above.

Note 4 - Property and Equipment

A summary of property and equipment at June 30, 2009 and 2008 consisted of the following:

	2009	2008
Student housing facility and improvements	$ 26,862,890	$ 26,820,922
Furnishings and equipment	1,323,609	1,292,919
Total property and equipment	28,186,499	28,113,841
Less accumulated depreciation	6,477,882	5,671,396
Net property and equipment	$ 21,708,617	$ 22,442,445

Depreciation expense totaled $806,486 and $863,116 during fiscal years 2009 and 2008, 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, 2009 and 2008, fund balances held by the trustee were as follows:

	2009	2008
Reimbursement fund	$ 247,388	$ 6,285
Debt service reserve fund	2,405,004	2,533,859
Capitalized fees fund	1,334	1,300
Pledged revenue fund	52,643	230,451
Replacement reserve fund	397,576	398,397
Operating reserve fund	370,494	234,852
Total	$ 3,474,439	$ 3,405,144

Note 6 - Deferred Financing Costs

At June 30, 2009 and 2008, deferred charges consisted of the following:

	2009	2008
Deferred financing costs	$ 826,949	$ 826,949
Less accumulated amortization	247,430	221,273
Total	$ 579,519	$ 605,676

Amortization expense associated with deferred charges totaled $26,157 and $34,966 in 2009 and 2008, respectively.

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, 2009 and 2008 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 $65,807 in 2009 and $69,163 in fiscal year 2008. 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, 2009 are as follows:

2010	$ 70,000
2011	70,000
2012	70,000
2013	70,000
2014	70,000
Total	$ 350,000

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 $28,865,000 and $29,500,000 at June 30, 2009 and 2008, 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 2009 and 2008 were 1.74 percent and 2.97 percent, respectively, and the actual interest rates at June 30, 2009 and 2008 were 0.30 percent and 1.65 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 revenues 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, 2009 are as follows:

2010	$ 670,000
2011	705,000
2012	740,000
2013	780,000
2014	820,000
Thereafter	25,150,000
Total	$ 28,865,000

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 14, 2009, is subject to an annual fee of 0.90 percent of the outstanding balance on the debt. The annual fee increases to 1.20 percent of the letter of credit amount starting in October 2009. Letter of credit fee expense totaled $264,512 and $280,878 at June 30, 2009 and 2008, 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 revenues 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 $176,176 and $177,662 for fiscal 2009 and 2008, respectively. The terms of the agreement are subordinate to the Bonds and related agreements and any other debt of the Organization.

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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, 2009 and 2008 and have issued our report thereon dated October 14, 2009. 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 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 but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or a combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiency described in the accompanying schedule of findings and responses as item 2009-1 to be a significant deficiency in internal control over financial reporting.

A material weakness is a significant deficiency, or a combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control. 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 14, 2009

Reference Number	Findings
2009-1	**Finding Type** - Significant deficiency

Criteria - The Organization is required to remit a lease payment at least equal to the local government support payment owed to the City of Athens from Ohio University under the current lease agreement between the Organization and Ohio University.

Condition - During 2009, the Organization remitted local government support payments for 2007, 2008, and 2009 directly to the City of Athens. During the audit, it was determined that the Organization recorded the 2007, 2008, and 2009 expense associated with these payments during the year ended June 30, 2009 when the payments were made.

Cause - A thorough review was not completed to verify that all such obligations are recorded in the appropriate period as part of the year-end close process.

Effect or Potential Effect - The current year expense was overstated by the amounts of the 2007 and 2008 local government support payment. These amounts should have been accrued for in their respective periods.

Recommendation - We suggest management perform a thorough review of account balances to verify that all obligations are recorded in the appropriate period as part of the year-end close process.

Views of Responsible Officials and Planned Corrective Actions - The Organization will review ledger account balances of all revenue, expense, and balance sheet items during the annual close process in order to ascertain items needing to be accrued or deferred for financial reporting on an accrual basis.

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
NOVEMBER 17, 2009