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

Financial Report
June 30, 2014

Dave Yost · Auditor of State

Board of Trustees
Housing for Ohio, Inc.
204 West Union Street Office Center
1 Ohio University
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, 2013 through June 30, 2014. 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.

Dave Yost

Dave Yost
Auditor of State

November 5, 2014

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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.

Report on the Financial Statements

We have audited the accompanying financial statements of Housing for Ohio, Inc. (the "Organization"), a not-for-profit corporation, which comprise the statement of financial position as of June 30, 2014 and 2013 and the related statements of activities and changes in net assets and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

To the Board of Trustees
Housing for Ohio, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Housing for Ohio, Inc. as of June 30, 2014 and 2013 and the changes in net assets and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2014 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 is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Housing for Ohio, Inc.'s internal control over financial reporting and compliance.

Plante & Moran, PLLC

September 26, 2014

Housing for Ohio, Inc.

Statement of Financial Position

	June 30	
	2014	2013
Assets		
Cash	$ 1,455,666	$ 1,245,256
Accounts receivable	6,839	8,453
Prepaid expenses	66,409	102,521
Property and equipment - Less accumulated depreciation (Note 3)	18,556,453	19,050,689
Security deposits held in trust	44,613	46,270
Assets held by trustee (Note 4)	3,883,034	3,928,534
Deferred financing costs - Less accumulated amortization of $378,217 in 2014 and $352,059 in 2013 (Note 5)	448,732	474,890
Prepaid lease expense - Less accumulated amortization of $315,220 in 2014 and $292,433 in 2013 (Note 6)	596,258	619,045
Total assets	**$ 25,058,004**	**$ 25,475,658**
Liabilities and Deficiency in Net Assets		
Liabilities		
Accounts payable and accrued liabilities	$ 169,001	$ 118,680
Deferred rental income	108,255	128,158
Tenant security deposits	43,398	46,271
Note payable (Note 7)	-	210,000
Loan payable (Note 7)	25,150,000	25,970,000
Total liabilities	25,470,654	26,473,109
Deficiency in Net Assets - Unrestricted	(412,650)	(997,451)
Total liabilities and deficiency in net assets	**$ 25,058,004**	**$ 25,475,658**

Housing for Ohio, Inc.

Statement of Activities and Changes in Net Assets

	Year Ended June 30 2014	Year Ended June 30 2013
Revenue		
Rental income	$ 3,041,454	$ 3,081,331
Other operating income related to rental activity	214,356	230,584
Other nonoperating income	-	93,419
Interest income	41,228	43,225
Total revenue	3,297,038	3,448,559
Program Expenses		
Administrative	176,474	184,984
Advertising and promotion	33,024	44,940
Property management fees	155,773	162,053
Professional fees	42,240	33,721
Payroll and related expenses	194,888	190,074
Maintenance and repairs	149,974	116,406
Utilities	553,997	578,244
Tax and insurance	297,944	208,658
Depreciation	775,685	729,960
Amortization	48,944	48,944
Interest expense	13,965	38,661
Bond fees	269,329	553,477
Total expenses	2,712,237	2,890,122
Increase in Net Assets	584,801	558,437
Deficiency in Net Assets - Beginning of year	(997,451)	(1,555,888)
Deficiency in Net Assets - End of year	**$ (412,650)**	**$ (997,451)**

Housing for Ohio, Inc.

Statement of Cash Flows

	Year Ended June 30	
	2014	2013
Cash Flows from Operating Activities		
Increase in net assets	$ 584,801	$ 558,437
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Depreciation and amortization	824,629	778,904
Changes in assets and liabilities which provided (used) cash:		
Accounts receivable	1,614	(1,176)
Prepaid expenses	36,112	18,557
Security deposits held in trust	1,657	19,785
Accounts payable and accrued liabilities	50,321	(72,962)
Deferred rental income	(19,903)	42,550
Tenant security deposits	(2,873)	(19,297)
Net cash provided by operating activities	1,476,358	1,324,798
Cash Flows from Investing Activities - Purchases of property and equipment	(281,448)	(218,444)
Cash Flows from Financing Activities		
Principal payments on note payable and loan payable	(1,030,000)	(780,000)
Increase (decrease) in assets held by trustee	45,500	(381,312)
Net cash used in financing activities	(984,500)	(1,161,312)
Net Increase (Decrease) in Cash	210,410	(54,958)
Cash - Beginning of year	1,245,256	1,300,214
Cash - End of year	**$ 1,455,666**	**$ 1,245,256**
Supplemental Disclosure of Cash Flow Information - Cash paid during the year for interest	**$ 16,165**	**$ 39,661**

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 accounting standards, 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 (the "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 is 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 temporarily restricted funds until appropriated for expenditure in the accompanying statement of activities and changes in net assets.

For the years ended June 30, 2014 and 2013, 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.

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, 2014 or 2013.

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 6 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 2014 and 2013; accordingly, no provision or benefit for income taxes has been included in the accompanying financial statements.

Accounting principles generally accepted in the United States of America require management to evaluate tax positions taken by the Organization and recognize a tax liability if the Organization has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS or other applicable taxing authorities. Management has analyzed the tax positions taken by the Organization and has concluded that as of June 30, 2014 and 2013, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Organization is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. Management believes it is no longer subject to income tax examinations for years prior to June 30, 2011.

Advertising Costs - Advertising and promotion costs are expensed as incurred. Advertising and promotion costs totaled approximately $33,000 and $45,000 during fiscal years 2014 and 2013, respectively.

Fair Value of Financial Instruments - The fair value of financial instruments, including cash, accounts receivable, accounts payable, and accrued liabilities, approximates carrying values. The fair value of the loan payable approximates the carrying value because of the variable-rate nature of the instrument.

Note 2 - Summary of Significant Accounting Policies (Continued)

Subsequent Events - The financial statements and related disclosures include evaluation of events up through and including September 26, 2014, which is the date that the financial statements were issued.

Note 3 - Property and Equipment

A summary of property and equipment at June 30, 2014 and 2013 consisted of the following:

	2014	2013
Student housing facility and improvements	$ 27,329,935	$ 27,206,322
Furnishings and equipment	1,561,688	1,403,851
Total property and equipment	28,891,623	28,610,173
Less accumulated depreciation	10,335,170	9,559,484
Net property and equipment	$ 18,556,453	$ 19,050,689

Depreciation expense totaled approximately $776,000 and $730,000 during fiscal years 2014 and 2013, respectively.

Note 4 - Assets Held by Trustee

Assets held by trustee represent cash and cash equivalents that, under the terms of the bond issue trust indenture agreement (the "Trust Indenture"), are restricted for various purposes (see Note 7). These assets are being held with a large financial institution (the "Trustee"). 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 interest-bearing cash accounts.

Note 4 - Assets Held by Trustee (Continued)

At June 30, 2014 and 2013, fund balances held by the Trustee were as follows:

	2014	2013
Reimbursement fund	$ 77,191	$ 73,312
Debt service reserve fund	2,405,000	2,425,572
Capitalized fees fund	1,313	1,313
Pledged revenue fund	680,885	709,703
Replacement reserve fund	348,135	348,124
Operating reserve fund	370,510	370,510
Total	$ 3,883,034	$ 3,928,534

At June 30, 2014, the uninsured balance for these funds was approximately $2,805,000.

Note 5 - Deferred Financing Costs

The Organization incurred financing costs as a result of the issuance of debt to fund the Project. At June 30, 2014 and 2013, deferred charges consisted of the following:

	2014	2013
Deferred financing costs	$ 826,949	$ 826,949
Less accumulated amortization	378,217	352,059
Total	$ 448,732	$ 474,890

Amortization expense associated with deferred charges totaled approximately $26,000 in 2014 and 2013. Estimated amortization expense for the next five years is approximately $26,000 per year.

Note 6 - Prepaid Lease Expenses

The Organization (Borrower) and Ohio University (Lessor) have entered into a ground lease for the term from September 1, 2000 through August 30, 2040 for the land on which the Project was built. As a condition of the ground lease, the Organization purchased the land and transferred title to that land to the University. The lease is being accounted for as a capital lease, and the cost basis for the land is being amortized over the term of the lease. The amount of the original prepaid lease totaled $911,478 and included the cost of the land. Total amortization expense for the years ended June 30, 2014 and 2013 was approximately $23,000 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"). Related to this Agreement, the Organization paid approximately $0 and $197,000 in fiscal years 2014 and 2013, respectively. These amounts are included in taxes and insurance in the accompanying statement of activities and changes in net assets.

Note 7 - Long-term Debt

Note Payable

The Organization agreed, as part of its settlement agreement with the Project's developer, 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.

In March 2012, the Organization was notified by a financial institution that the developer had listed the remaining installment payments as collateral on a loan with that financial institution. The notification advised that all subsequent payments were to be made to that financial institution.

During September 2013, the Organization and the financial institution reached a settlement agreement and the outstanding $210,000 balance was paid in full. The outstanding promissory note balance was $0 and $210,000 on June 30, 2014 and 2013, respectively.

Note 7 - Long-term Debt (Continued)

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 $25,150,000 and $25,970,000 at June 30, 2014 and 2013, 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 2014 and 2013 were 0.06 and 0.14 percent, respectively, and the actual interest rates at June 30, 2014 and 2013 were 0.06 percent and 0.08 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 4).

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.

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.

Note 7 - Long-term Debt (Continued)

Maturities of bonds payable at June 30, 2014 are as follows:

2015	$	865,000
2016		910,000
2017		960,000
2018		1,010,000
2019		1,065,000
Thereafter		20,340,000
Total	$	25,150,000

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 Organization was previously in a letter of credit agreement with Wells Fargo, NA, in place through October 15, 2013. The Organization is currently in a letter of credit agreement with Barclays Bank PLC. The letter of credit is periodically renewable with an expiration date in mid-October 2016. The letter of credit is subject to an annual fee of either 0.475 percent or 0.375 percent of the outstanding balance on the debt and is determined based upon rating agencies' assessment of the long-term debt of Ohio University. Letter of credit fee expense was approximately $191,000 and $483,000 at June 30, 2014 and 2013, 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 8 - Related Party Transactions

The University pays for certain expenses on behalf of the Organization, then the Organization reimburses the University. These expenses include cable and internet services and campus transportation services. The amount of these expenses totaled approximately $236,000 and $210,000 for fiscal years 2014 and 2013, respectively.

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 approximately $156,000 and $162,000 for fiscal years 2014 and 2013, 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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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*

Independent Auditor's Report

To Management and the Board of Trustees
Housing for Ohio, Inc.

We have audited, in accordance with the 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, the financial statements of Housing for Ohio, Inc. (the "Organization"), a not-for-profit corporation, which comprise the statement of financial position as of June 30, 2014 and 2013 and the related statements of activities and changes in net assets and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated September 26, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Housing for Ohio, Inc.'s internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Organization's internal control. Accordingly, we do not express an opinion on the effectiveness of the Organization's internal control.

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 a 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.

To Management and the Board of Trustees
Housing for Ohio, Inc.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses that we consider to be a significant deficiency. See finding 2014-001.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Housing for Ohio, Inc.'s financial statements are free from 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*.

Housing for Ohio, Inc.'s Response to Finding

Housing for Ohio, Inc.'s response to the finding identified in our audit is described in the accompanying schedule of finding and responses. Housing for Ohio, Inc.'s response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Plante & Moran, PLLC

September 26, 2014

Reference Number	Finding
2014-001	**Finding Type** - Significant deficiency

Criteria - The Organization's obligations for goods or services performed or received in the fiscal year ended June 30, 2014 should be recorded as accounts payable or accrued for as of June 30, 2014.

Condition - The Organization did not record in accounts payable, or accrue for, services performed in the fiscal year ended June 30, 2014 and not paid as of June 30, 2014.

Context - Out of 24 invoices tested for proper cut-off, six were not properly recorded in accounts payable at year end. The amount of the unrecorded liability totaled $6,800, which was not recorded by the Organization as of June 30, 2014.

Cause - The Organization did not perform a comprehensive analysis of its outstanding purchase orders or review its accruals at year end to ensure that services performed in the fiscal year ended June 30, 2014 were properly recorded as liabilities.

Effect - As a result of not performing the analysis, expenses could be reported in the wrong period.

Recommendation - We suggest management perform a thorough review of any outstanding purchase orders at year end, as well as any invoices not yet received for services performed or goods received in the current fiscal year, to verify that all liabilities are properly recorded.

Views of Responsible Officials and Planned Corrective Actions - The Organization will work with the property manager to ensure that accounts payable cut-off procedures are thoroughly performed at year end.

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Dave Yost • Auditor of State

HOUSING FOR OHIO

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 18, 2014

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