Columbus Metropolitan Housing Authority

Consolidated Financial Statements, Consolidating Supplemental Financial Data Schedules, and Federal Financial Data Schedules as of and for the Year Ended December 31, 2010, and Independent Auditors' Report; and Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of the Financial Statements Performed in Accordance with *Government Auditing Standards* and Independent Auditors' Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

Dave Yost · Auditor of State

Board of Commissioners
Columbus Metropolitan Housing Authority
880 East 11th Avenue
Columbus, Ohio 43211-2771

We have reviewed the *Independent Auditor's Report* of the Columbus Metropolitan Housing Authority, Franklin County, prepared by Deloitte & Touche LLP, for the audit period January 1, 2010 through December 31, 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 Columbus Metropolitan Housing Authority is responsible for compliance with these laws and regulations.

Dave Yost

Dave Yost
Auditor of State

June 30, 2011

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COLUMBUS METROPOLITAN HOUSING AUTHORITY

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INDEPENDENT AUDITORS' REPORT

To the Board of Commissioners of
the Columbus Metropolitan Housing Authority:

We have audited the accompanying consolidated statement of the net assets of the Columbus Metropolitan Housing Authority (the "Authority") as of December 31, 2010, and the related consolidated statements of revenues, expenses, and changes in net assets, and of cash flows for the year then ended. These consolidated financial statements are the responsibility of the Authority's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We did not audit the balance sheets of the discretely presented component units, Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, LLC as of December 31, 2010, and the related statements of operations and changes in equity for the year then ended. We did not audit the statement of net assets of the blended component unit, The Homes at Second Avenue, LLC as of December 31, 2010, and the related statement of revenue, expenses, and changes in net assets and cash flows for the year then ended. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, Elim Manor Elderly Housing, LLC, and The Homes at Second Avenue, LLC is based solely on the report of other auditors.

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 of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The financial statements of Gender Road Limited Partnership, Worley Terrace, LLC, Jenkins Terrace, LLC, and Elim Manor Elderly Housing, LLC were not audited in accordance with *Government Auditing Standards*, but were audited in accordance with auditing standards generally accepted in the United States of America. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, such consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Authority and its discretely presented component units as of December 31, 2010, and the respective changes in financial position and cash flows, where applicable, for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the consolidated financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming an opinion on the Authority's consolidated financial statements taken as a whole. The consolidating supplemental financial data schedules that consist of the consolidating statement of net assets information and the consolidating statement of revenue and expenses information on pages 49 through 54 are presented for the purpose of additional analysis of the consolidated financial statements rather than to present the financial position and results of operations of the individual programs and entities and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied by us in the audit of the consolidated financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's consolidated financial statements. The schedule of expenditures of federal awards, as required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, on page 55, the notes to the schedule of expenditures of federal awards on page 56, and the schedules of actual modernization costs on pages 57 to 58, as required by the U.S. Department of Housing and Urban Development, are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. These schedules are the responsibility of the Authority's management. Such information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and, in our opinion, are fairly stated, in all material respects, in relation to the consolidated financial statements taken as a whole.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 16, 2011, on our consideration of internal control over financial reporting and our test of its compliance with certain provisions of laws, regulations, contracts, and 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* and should be considered in assessing the results of our audit.

Deloitte + Touche LLP

May 16, 2011

As management of the Columbus Metropolitan Housing Authority (the "Authority"), we offer readers of the Authority's consolidated financial statements this narrative overview and analysis of the financial activities of the Authority for the fiscal year ended December 31, 2010. We encourage readers to consider the information presented here in conjunction with the Authority's consolidated financial statements. This Management's Discussion and Analysis focuses on the operations of the Authority and not it's discretely presented component units, Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, LLC. Information pertaining to the discretely presented component units is located in footnotes 13 through 17 to the consolidated financial statements.

Overview of the Consolidated Financial Statements

The annual financial report consists of two parts: Management's Discussion and Analysis (this section) and the consolidated financial statements. The Authority follows enterprise-fund reporting; accordingly, the consolidated financial statements are presented using a flow of economic resources measurement focus and the accrual basis of accounting. These statements, as presented, are very similar to a commercial entity's financial statements.

The Authority is a special-purpose government agency engaged only in business-type activities. The basic financial statements are designed to be corporate-like in that all business-type programs are consolidated into one single enterprise for the Authority.

These consolidated financial statements include a Statement of Net Assets, which is similar to a balance sheet. The Statement of Net Assets reports all financial and capital resources of the Authority. The statement is presented in the format where assets minus liabilities equal "net assets," formerly known as equity. Assets and liabilities are presented in order of liquidity and are classified as "current" (convertible to cash within one year) and "noncurrent".

The focus of the Statement of Net Assets (unrestricted net assets) is designed to represent the net available liquid (non-capital) assets, net of liabilities, for the entire Authority. Net assets (formerly equity) are reported in three broad categories (as applicable):

Net Assets, Invested in Capital Assets, Net of Related Debt — This component of net assets consists of all capital assets, reduced by the outstanding balances of any bonds, mortgages, notes or other borrowing that are attributable to the acquisition, construction, or improvement of those assets.

Restricted Net Assets — This component of net assets consists of restricted assets, when constraints are placed on asset by creditors (such as debt covenants), grantors, contributors, laws, regulations, etc.

Unrestricted Net Assets — Consists of net assets that do not meet the definition of "net assets invested in capital assets, net of related debt" or "restricted net assets."

The consolidated financial statements also include a consolidated statement of revenues, expenses, and changes in net assets (similar to an income statement). This statement includes operating revenues such as rental income, operating expenses such as administrative, utilities, Housing Assistance Payments, maintenance and depreciation, and non-operating revenue and expenses, such as grants revenue, interest income, and interest expense.

The focus of the statement of revenues, expenses, and changes in net assets is the "change in net assets," which is similar to net income or loss.

Finally, a consolidated statement of cash flows is included, which discloses net cash provided by, or used for, operating activities, non-capital financing activities, investing activities, and capital and related financing activities.

Financial Highlights

During the year ended December 31, 2010:

- The Authority's total assets increased by $6,958,778 or 4.2%.
- Total liabilities decreased by $5,331,827 or 22.1%.
- Total revenues increased by $48,403,746; of this amount; $31,357,620 is due to an increase in the number of contracts being administrated by the Authority's wholly owned subsidiary, Assisted Housing Services Corporation (AHSC) and $10,306,542 is due to increased funding for the Section 8 Housing Choice Voucher Program.
- Total expenses increased by $33,965,885; of this amount $31,357,620 related to housing assistance payments for Assisted Housing Services Corporation.

The Authority's programs that are consolidated into a single enterprise fund are as follows:

PHA Owned Rental Housing — Under the Public Housing Program, the Authority rents units it owns to low-income households. This program operates under an Annual Contribution Contract with the U.S. Department of Housing and Urban Development (HUD). Operating subsidy is provided by HUD to enable the Authority to provide the housing at a rent that is based upon 30% of adjusted gross income.

Effective January 1, 2008, HUD has implemented its new Operating Fund Program that included two major provisions: 1) to establish a new formula for determining operating subsidy and 2) implementation of asset-based management. This new HUD regulation required that the Authority establish project-based accounting, budgeting, and management. Administrative overhead that was previously allocated costs to the other funds was replaced with a management and bookkeeping fees. Under the regulations, the Authority charged the projects for centralized maintenance services received. The fees charged were used to fund the operation of the Central Office Cost Center.

Due to the significant changes in Public Housing, financing stemming from the conversion to Asset Based Management and the continuing reductions in funding for operating expenses, the Authority undertook a thorough analysis of its public housing stock and its impact upon the community. The Authority was confronted with an aging inventory (only five projects are less than 25 years old), high-rise structures that are inappropriate for the local market, projects in unstable neighborhoods, and projects in financial and physical distress. In some cases, the Authority's projects are even considered obstacles to neighborhood revitalization by local organizations and public officials.

The Authority engaged in extensive dialogue with local elected officials, neighborhood organizations, other non-profit housing-related organizations, and resident groups, Legal Aid, the Community Shelter Board for the Homeless, and other interest groups. The Authority also engaged recognized real estate experts to assess the marketability of its projects if they were converted to market rate affordable rental housing, the ability of the local market to absorb residents who must be relocated, capital improvement needs, and potential rehabilitation costs.

In general terms, participants in these dialogues agreed that the Authority must take action to maintain its financial solvency, dispose of projects that are physically distressed and are a detriment to their neighborhoods and, importantly, insure that residents are relocated to comparable housing in non-impacted areas. The Authority developed a plan to demolish or sell 1,972 Public Housing units over next five years and submitted the plan to HUD for approval. Our plan was approved by HUD; since 2010, we have disposed of 526 units.

Section 8 — Through Annual Contribution Contracts with HUD, the Authority receives funding to subsidize the rent of low income families in the private market and earns an administrative fee to cover the program's operating costs.

Capital Grant Fund — This grant provides funding to improve the physical conditions and upgrade management of operations to insure that the properties continue to be available to service low income families.

Performance Based Contract Administration — The Authority provides contract administrative services for units receiving project based Section 8 housing assistance throughout the State of Ohio. In August 2004, the Authority was awarded a contract by HUD to provide similar contract administrative services to Washington D.C.

Central Office Cost Center — Under the new HUD Asset Management requirements, a separate fund was established to capture administrative overhead and centralized maintenance costs. Expenses charged to Central Office Cost Center are recovered by charging management, bookkeeping, and services fees to other programs.

Other Business — The Authority has other business ventures that are not dependent upon HUD funding. These programs consist of eight funds that provide resources for other business activities. Seven of the funds are wholly owned subsidiaries that were established to own land and housing units and participate in limited partnerships and limited liability corporations. One program provides a source of funds for other related housing activities.

The Authority also receives funding for Other Section 8 programs that have multiple year funding but are not considered major programs.

Basic Consolidated Financial Statements

The consolidated statement of net assets for the year ended December 31, 2010, compared to the prior year, is as follows:

Table 1
Consolidated Statement of Net Assets
(In millions)

	2010	2009
Assets:		
Current and other assets	$ 103.3	$ 101.0
Capital assets	67.8	63.2
Total assets	$ 171.1	$ 164.2
Liabilities:		
Current liabilities	$ 13.2	$ 16.7
Long-term liabilities	5.6	7.4
Total liabilities	18.8	24.1
Net Assets:		
Invested in capital assets — net of related debt	62.6	55.9
Restricted	26.9	24.7
Unrestricted	62.8	59.5
Total net assets	152.3	140.1
Total liabilities and net assets	$ 171.1	$ 164.2

For more detailed information, see the consolidated statement of net assets.

Major Factors Affecting the Consolidated Statement of Net Assets

Current and other assets increased by $2.3 million while current liabilities decreased by $3.5 million. Current assets include cash and investments that increased by $.3 due to: 1) $1.7 million from sale of assets; 2) $3.1 million increase from operation changes; 3) $2.2 million decrease from payment of debt; and 4) $2.3 million decrease from investment in other assets.

Other assets increased by $2.0 million due to a decrease in accounts receivable by $.3 million and an increase in other assets $2.3 million.

Capital assets increased by $4.6 million due primarily to acquisitions of assets ($12.8 million) less depreciation ($6.8 million), and retirement of Assets ($1.4 million).

Current liabilities decreased by $3.5 million. The net decrease is due to the decrease of deferred revenue of $6.5 million offset by an increase in accounts payable of $3.4 million both due to the timing of payments and the receipt of funds from HUD.

Table 2
Change of Unrestricted Net Assets
(In millions)

Unrestricted Net Assets — December 31, 2009	$ 59.5
Results of operations	12.3
Depreciation (1)	6.8
Capital expenditures	(12.8)
Change in other investments	(3.0)
Unrestricted Net Assets — December 31, 2010	$ 62.8

(1) Depreciation is treated as an expense and reduces the results from operations but does not have an impact on unrestricted net assets.

While the results of operations measures the Authority's activity, an analysis of the changes in unrestricted assets provides an additional picture of the change in the financial well being of the Authority.

Consolidated Statement of Revenues, Expenses, and Changes in Net Assets

The consolidated statement of revenues, expenses, and changes in net assets presents the operating results of the Authority, as well as the non-operating revenues and expenses. HUD subsidies and grants, while budgeted for operations, are considered non-operating revenues according to generally accepted accounting principles. Condensed information from the Authority's consolidated statement of revenues, expenses, and changes in net assets follows:

Table 3
Statement of Revenues, Expenses, and Changes in Net Assets
(In Millions)

	2010	**2009**
Revenues:		
Rental income	$ 4.4	$ 4.5
Operating subsidy and grants	43.6	38.1
Subsidy for housing assistance payment	599.0	561.2
Capital grants	11.0	5.7
Investment income	0.4	0.6
Other income	3.4	3.6
Gain on sale of property	0.4	0.1
Total revenues	662.2	613.8
Expenses:		
Administrative and tenant services	33.5	33.4
Utilities	2.4	3.4
Maintenance and operation	5.2	6.4
Protective services	0.5	0.7
General	3.5	3.2
Housing assistance payment	597.7	561.2
Interest expense	0.3	0.4
Depreciation	6.8	7.2
Total expenses	649.9	615.9
Change in net assets	$ 12.3	$ (2.1)

Major Factors Affecting the Consolidated Statement of Revenues, Expenses, and Changes in Net Assets

Subsidy for Housing Assistance Payments increased substantially due to the growth of the AHSC in Ohio and Washington D.C.

Capital Assets

As of December 31, 2010, the Housing Authority's had $67.8 million invested in capital assets as reflected in the schedule below, which represents a net increase (additions, deductions and depreciation) of $4.6 million from the end of last year.

Table 4
Capital Assets at December 31, 2010
Net of Depreciation
(In millions)

	2010	**2009**
Land	$ 3.1	$ 3.0
Buildings	215.2	212.4
Equipment	6.8	6.2
Accumulated depreciation	(169.8)	(167.8)
Construction in process	12.5	9.4
Total	$ 67.8	$ 63.2

The following reconciliation summarizes the change in capital assets:

Table 5
Change in Capital Assets
(In millions)

Beginning balance	$ 63.2
Additions	12.8
Retirements — net of depreciation	(1.4)
Depreciation	(6.8)
Ending balance	$ 67.8
Major activities for this year were:	
Modernization of units	$ 12.2
Purchase of land	0.1
Equipment purchases	0.5
Total additions	$ 12.8

As of December 31, 2010, the Authority has $5.1 million in debt (bonds and notes) outstanding, including the current portion of $0.1 million compared to $7.3 million last year, a $2.2 million decrease.

Table 6
Outstanding Debt
(In millions)

	2010	2009
Business type:		
Energy program	$ -	$ 2.1
Capital improvements	5.1	5.2
Total	$ 5.1	$ 7.3

Economic Factors

Significant economic factors affecting the Authority in 2010 are as follows:

- The slow economy has an impact on low-income households' ability to pay rent.
- Federal funding is at the discretion of the U.S. Department of Housing and Urban Development and is insufficient to cover operating cost and capital improvements for Public Housing Units.
- Increased costs for health insurance, plus utility rate increases negatively affected the cost to operate the programs.
- Lower interest rates had an adverse impact on interest revenue.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF NET ASSETS
AS OF DECEMBER 31, 2010

ASSETS	
CURRENT ASSETS:	
Cash and cash equivalents — including restricted cash of $18,089,976	$ 28,183,023
Accounts receivable — net:	
Tenants — net of allowance for doubtful accounts of $28,377	136,513
HUD	7,023,106
Other — net of allowance for doubtful accounts of $1,959,834	2,190,125
Notes receivable from discretely presented component units	50,000
Investments	13,830,147
Investments — legally restricted	9,881,398
Inventory	182,439
Prepaid items and other	350,775
Total current assets	61,827,526
NONCURRENT ASSETS:	
Notes receivable from discretely presented component units — net of allowance of $4,591,731	20,445,666
Notes receivable from related party — net of allowance of $89,145	1,926,150
Capital assets:	
Land	3,146,882
Other property and equipment — net of accumulated depreciation of $169,800,114	52,171,995
Construction in progress	12,460,954
Other noncurrent assets	19,165,905
Total noncurrent assets	109,317,552
TOTAL	$ 171,145,078
LIABILITIES	
CURRENT LIABILITIES:	
Accounts payable:	
Trade	$ 10,551,694
HUD	81,169
Other	327,099
Accrued expenses	1,420,530
Deferred credits	390,192
Trust and deposit liabilities	386,871
Bonds and notes payable — current	55,000
Total current liabilities	13,212,555
NONCURRENT LIABILITIES:	
Bonds payable	5,085,000
Accrued compensated absences — noncurrent portion	195,092
Other liabilities	280,864
Total noncurrent liabilities	5,560,956
Total liabilities	18,773,511
NET ASSETS:	
Invested in capital assets — net of related debt	62,639,831
Restricted	26,866,557
Unrestricted	62,865,179
Total net assets	152,371,567
TOTAL	$ 171,145,078

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED BALANCE SHEET — COMPONENT UNITS
AS OF DECEMBER 31, 2010

ASSETS	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Total
RENTAL PROPERTY:						
Buildings	$ 26,235,601	$ 8,048,192	$11,982,635	$11,474,351	$ -	$ 57,740,779
Site improvements		257,867	451,211	780,984		1,490,062
Furniture and fixtures	454,160	100,476	130,629	423,902		1,109,167
Construction in process					955,744	955,744
Less accumulated depreciation	(11,350,372)	(3,096,853)	(1,366,112)	(1,053,140)		(16,866,477)
Net rental property	15,339,389	5,309,682	11,198,363	11,626,097	955,744	44,429,275
CASH	71,483	58,828	260,915	406,173	2,741,512	3,538,911
CASH RESERVES	1,222,049	570,533	24,573	374,117		2,191,272
ACCOUNTS RECEIVABLE	8,855	2,819	892	350		12,916
PREPAID EXPENSES			68,089	13,277		81,366
OTHER ASSETS	90,134	23,573	62,782	143,000		319,489
TOTAL	$ 16,731,910	$ 5,965,435	$11,615,614	$12,563,014	$3,697,256	$ 50,573,229
LIABILITIES AND PARTNERS'/MEMBER'S EQUITY						
LIABILITIES:						
Accounts payable — trade	$ 153,244	$ 70,411	$ 53,904	$ 55,344	$ 15,655	$ 348,558
Accounts payable — primary government					7,206	7,206
Accrued expenses	188,245	22,232	28,111	15,041	1,761	255,390
Tenants' security deposits	57,285	29,568	23,995	23,130		133,978
Deferred developer fee					205,717	205,717
Mortgage and other notes payable					1,059,741	1,059,741
Notes payable to primary government	18,871,789	6,215,082				25,086,871
Total liabilities	19,270,563	6,337,293	106,010	93,515	1,290,080	27,097,461
PARTNERS'/MEMBER'S EQUITY (DEFICIENCY):						
General partners'/member's equity	7,105	183,983	8,161,360	8,308,821	100	16,661,369
Limited partners	(2,545,758)	(242,841)	3,834,616	4,260,678	3,368,816	8,675,511
Less note receivable from limited partners		(313,000)	(486,372)	(100,000)	(961,740)	(1,861,112)
Total partners'/member's (deficiency) equity	(2,538,653)	(371,858)	11,509,604	12,469,499	2,407,176	23,475,768
TOTAL	$ 16,731,910	$ 5,965,435	$11,615,614	$12,563,014	$3,697,256	$ 50,573,229

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS FOR THE YEAR ENDED DECEMBER 31, 2010

OPERATING REVENUES:	
Rental	$ 4,441,952
Other	3,362,747
Total operating revenues	7,804,699
OPERATING EXPENSES:	
Housing assistance payments	597,728,082
Depreciation	6,800,347
Administration	32,830,411
Tenant services	618,486
Utilities	2,425,519
Ordinary maintenance and operations	5,144,202
Protective services	486,638
General expenses	3,545,618
Total operating expenses	649,579,303
OPERATING LOSS	(641,774,604)
NONOPERATING REVENUES (EXPENSES):	
HUD grants	642,556,032
HUD capital grants	11,028,754
Interest income	410,701
Interest expense	(331,105)
Gain on disposal of assets	400,827
Total nonoperating revenues	654,065,209
CHANGE IN NET ASSETS	12,290,605
NET ASSETS — Beginning of year	140,080,962
NET ASSETS — End of year	$ 152,371,567

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN EQUITY — COMPONENT UNITS FOR THE YEAR ENDED DECEMBER 31, 2010

	Rosewind Limited Partnership	Gender Road Limited Partnership	Jenkins Terrace, LLC	Worley Terrace, LLC	Elim Manor Elderly Housing, LLC	Total
REVENUES:						
Rental	$ 1,378,704	$ 506,388	$ 499,411	$ 420,747	$ -	$ 2,805,250
Other	20,474	35,334	5,446	2,308		63,562
Interest	295	1,729	355	3,536		5,915
Total revenues	1,399,473	543,451	505,212	426,591	-	2,874,727
EXPENSES:						
Depreciation	894,227	319,975	397,491	422,627		2,034,320
Maintenance and decorating	426,599	206,700	194,929	225,678		1,053,906
Administrative and personnel	294,900	100,829	169,948	111,825	221	677,723
Water and sewer	165,524	70,207	19,531	42,192		297,454
Insurance expense	108,125	34,727	25,695	21,301		189,848
Management fee	95,305	39,165	45,474	43,316		223,260
Payment in lieu of taxes	20,256	8,049	6,935			35,240
Utilities	43,011	15,073	61,274	65,352		184,710
Audit and tax return	12,400	10,100	10,100	10,100		42,700
Legal			8,423	546		8,969
Bad debts	38,037	29,737				67,774
Asset management fee	9,228	5,688	4,333	5,000		24,249
Amortization	1,900	792	5,232	6,000		13,924
Total expenses	2,109,512	841,042	949,365	953,937	221	4,854,077
NET LOSS	(710,039)	(297,591)	(444,153)	(527,346)	(221)	(1,979,350)
EQUITY (DEFICIENCY IN NET ASSETS) — Beginning of year	(1,828,614)	(82,822)	11,953,757	12,881,037		22,923,358
CURRENT-YEAR CONTRIBUTIONS		8,555		115,808	2,407,397	2,531,760
EQUITY (DEFICIENCY IN NET ASSETS) — End of year	$(2,538,653)	$(371,858)	$11,509,604	$12,469,499	$2,407,176	$23,475,768

See notes to consolidated financial statements.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES:	
Cash received from tenants	$ 4,384,353
Cash payments to suppliers for goods and services	(28,878,792)
Cash paid for salaries and benefits	(12,331,799)
Housing assistance payments	(597,728,082)
Other receipts	2,719,307
Net cash used in operating activities	(631,835,013)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES — HUD operating subsidies and grants	634,923,941
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:	
HUD capital grants	11,467,711
Property and equipment additions	(13,176,962)
Repayment of debt and capital lease obligations	(2,152,279)
Interest paid debt and capital lease obligations	(335,020)
Proceeds from the sale of capital assets	1,765,615
Notes receivable from sale of assets	1,275,000
Investment in joint ventures	(2,312,635)
Other payments	50,000
Net cash used in capital and related financing activities	(3,418,570)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases of investments	(21,005,679)
Proceeds from maturity of investments	16,056,849
Interest income	702,445
Net cash used in investing activities	(4,246,385)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(4,576,027)
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $22,372,380) — beginning of year	32,759,050
CASH AND CASH EQUIVALENTS BALANCE (Including restricted cash of $18,089,976) — end of year	$ 28,183,023
RECONCILIATION OF OPERATING LOSS TO NET CASH USED IN OPERATING ACTIVITIES:	
Operating loss	$(641,774,604)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	6,800,347
Provision for uncollectible accounts	531,545
Amortization of bond issuance costs	6,375
Change in operating assets and liabilities:	
Accounts receivable — tenants	6,553
Accounts receivable — other	(1,166,986)
Notes and mortgages receivable	
Inventory	7,867
Prepaid expenses and other assets	129,403
Accounts payables	3,783,846
Accrued expenses and other	(157,096)
Security and other deposits	(2,263)
NET CASH USED IN OPERATING ACTIVITIES	$(631,835,013)

See notes to consolidated financial statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of the Entity — Columbus Metropolitan Housing Authority (the "Authority") is organized under the laws of the State of Ohio for purposes of acquiring, developing, leasing, operating, and administering low-rent housing programs.

The U.S. Department of Housing and Urban Development (HUD) has direct responsibility for administering the Low-Rent Housing Program under the United States Housing Act of 1937, as amended. HUD is authorized to contract with local housing authorities in financing the acquisition, construction, and/or leasing of housing units; to make housing assistance payments; and to make annual contributions ("subsidies") to the local housing authorities for the purposes of maintaining the low-rent character of the local housing program. Under an administrative form of contract, HUD has conveyed certain federally built housing units to the Authority for low-rent operations.

The Authority provides contracted services to certain housing authorities on behalf of HUD. These services are primarily the payment processing and administrative services of an assisted housing program.

The accompanying consolidated financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity,* and GASB Statement No. 39, *Determining Whether Certain Organizations Are Component Units — an amendment of GASB Statement No. 14*, in that the consolidated financial statements include all organizations, activities, and functions for which the Authority is financially accountable. Financial accountability is defined by the component unit being fiscally dependent on the Authority. On this basis, the Authority has included Rosewind Limited Partnership; Gender Road Limited Partnership; Jenkins Terrace, LLC; Worley Terrace, LLC; and Elim Manor Elderly Housing, LLC as discretely presented component units.

New Village Homes — In May, 2001, the Authority established The Homes at Second Avenue, LLC ("New Village Homes"), a limited liability company under the laws of the State of Ohio, for the purposes of acquiring, developing, leasing, operating, and administering 100 units of multifamily rental housing. The Authority is the sole member of the Board of New Village Homes and is responsible for the operations of New Village Homes. As such, the Authority has the ability to impose its will on New Village Homes and it is included as a blended component unit in the Authority's consolidated financial statements as required by GASB Statement No. 14.

Rosewind Limited Partnership — Rosewind Limited Partnership was formed on January 7, 1997, for the purposes of constructing, owning, and operating residential apartments for low-income residents of Columbus, Ohio. Rosewind Limited Partnership's financial statements are prepared on the accrual basis of accounting in accordance with accounting principles generally accepted in the United States of America (GAAP) as prescribed by the Financial Accounting Standards Boards (FASB) Statements and Interpretations. Because of Rosewind Limited Partnership's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 13 to the consolidated financial statements for additional disclosures regarding Rosewind Limited Partnership.

Gender Road Limited Partnership — Gender Road Limited Partnership was formed on May 23, 1997, for the purposes of acquiring, constructing, owning, and operating an apartment complex for low- and moderate-income residents of Columbus, Ohio. Gender Road Limited Partnership's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Gender Road Limited Partnership's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 14 to the consolidated financial statements for additional disclosures regarding Gender Road Limited Partnership.

Jenkins Terrace, LLC — Jenkins Terrace, LLC was formed on January 27, 2004, for the purposes of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly, public housing units in Columbus, Ohio. Jenkins Terrace, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Jenkins Terrace, LLC's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 15 to the consolidated financial statements for additional disclosures regarding Jenkins Terrace, LLC.

Worley Terrace, LLC — Worley Terrace, LLC was formed on February 22, 2006, for the purposes of acquiring, developing, leasing, operating, and administering an apartment complex of 100 single-bedroom, elderly, public housing units in Columbus, Ohio. Worley Terrace, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Worley Terrace, LLC's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 16 to the consolidated financial statements for additional disclosures regarding Worley Terrace, LLC.

Elim Manor Elderly Housing, LLC — Elim Manor Elderly Housing, LLC was formed on December 10, 2010, for the purposes of constructing, financing, leasing, operating, and administering an apartment complex of 63 qualified low- income units in Columbus, Ohio. Elim Manor Elderly Housing, LLC's financial statements are prepared on the accrual basis of accounting in accordance with GAAP as prescribed by the FASB Statements and Interpretations. Because of Elim Manor Elderly Housing, LLC's fiscal dependency on the Authority, a component unit relationship is deemed to exist. See Note 17 to the consolidated financial statements for additional disclosures regarding Elim Manor Elderly Housing, LLC.

Waggoner Road, LLC (a Related Party) — In October 2002, the Authority established a wholly owned subsidiary, Waggoner Road, LLC, which is fully consolidated in the accompanying financial statements. Waggoner Road, LLC entered into Waggoner Road Senior Limited Partnership. The general partner is Waggoner Senior Housing, Inc., a wholly owned subsidiary of the National Church Residences, which has a 0.01% interest in the owner entity. The Authority is the special limited partner and will have a 0.01% interest in the owner entity. The limited partner is NHT Fifth Third X Tax Credit Fund LLC, which has a 99.98% interest in the owner entity. The Authority and National Church Residences have entered into development agreements to collaborate for codevelopment of the project.

Basis of Accounting — The accompanying consolidated financial statements, which include the Authority and its wholly owned subsidiaries, are prepared on the accrual basis of accounting in accordance with GAAP, whereby revenues and expenses are recognized in the period earned or incurred. All intercompany balances and transactions have been eliminated in consolidation.

Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting*, the Authority follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting

Principles Board Opinions, and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict or contradict GASB pronouncements. The Authority has elected not to apply FASB Statements and Interpretations issued after November 30, 1989.

Fund Accounting — The Authority maintains its accounting records in accordance with the principles of fund accounting. Fund accounting is designed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in self-balancing groups of accounts and accounting entities that are separate from the activities reported in other funds.

A summary of each of these funds is provided below:

Low-Rent Housing Program Fund — This fund is used to account for the components of the Low-Rent Housing Programs subsidized by HUD. A summary of each of these components is provided below.

PHA-Owned Housing — Under this program, the Authority owns and operates apartments and single-family housing units. Funding is provided by tenant rent payments and HUD subsidies.

Housing Assistance Payments — Under Section 8 of the Low-Rent Housing Program, low-income tenants lease housing units directly from private landlords, rather than from the Authority. HUD contracts with the Authority, which, in turn, contracts with private landlords and makes assistance payments for the difference between the approved contract rent and the actual rent paid by the low-income tenants.

Capital Grant and HOPE VI Funds — Substantially all additions to land, structures, and equipment are accomplished through Capital Grant Programs. Capital Grant Programs replace or materially upgrade deteriorated portions of the Authority's housing units. Funding is provided through grants. The Authority enters into significant construction contract obligations in relation to this modernization and development activity on an ongoing basis.

Other Business Ventures — This program consists of eight funds that provide resources for housing-related activities. Seven of the funds are used to account for wholly owned subsidiaries of the Authority, whose goals are to provide affordable housing to low-income individuals and families. The other fund provides resources for housing-related activities that would otherwise cause undue financial hardship to Low-Rent Housing Program clients.

Revenue Recognition — Subsidies and grants received from HUD and other grantors are generally recognized during the periods to which they relate, and all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the Authority must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the Authority on a reimbursement basis. Tenant rental revenues are recognized during the period of occupancy. Other receipts are recognized when the related expenses are incurred. Expenses are recognized as incurred.

Cash and Cash Equivalents — For the purposes of the consolidated statement of cash flows, the Authority considers all highly liquid investments with maturity of three or less months when purchased to be cash equivalents. The Authority records cash that is only allowed to be expended for certain activities or has restrictions on the use of funds by the sources of the funds as restricted cash.

Investments — The Authority's investments are recorded at fair value. Fair value generally represents quoted market value prices for investments traded in the public marketplace. The Authority records investments that are only allowed to be expended for certain activities or has restrictions on the use of funds by the sources of the funds as restricted. Investment income, including changes in the fair value of investments, is recorded as nonoperating revenue in the consolidated statement of revenues, expenses, and changes in net assets. Investment income is recognized and recorded when earned and is allocated to programs based upon monthly investment balances.

Inventory — Inventory consists of supplies and maintenance parts carried at the lower of cost or market using the average cost method and is expensed as inventory is consumed.

Compensated Absences — Compensated absences are accrued as they are earned by employees, using the vesting method, if the following two conditions are met:

The employees' rights to receive compensation are attributable to services already rendered.

It is probable that the employer will compensate the employee for the benefits through paid time off or cash payment. The current portion of accrued compensation absences is included in accrued expenses.

A summary of changes in the accrued compensated absences as of December 31, 2010, is as follows:

	Balance 2009	Increase	Decrease	Balance 2010	Due Within One Year
Accrued compensated absences	$ 366,812	$ -	$ (17,066)	$ 349,746	$ 154,654

Capital Assets — Capital assets are recorded at historical cost. Donated capital assets are recorded at their fair value on the date donated. The Authority capitalizes all dwelling and nondwelling equipment and office equipment that has a cost or fair value on the date of donation greater than $1,000 and a useful life greater than one year. The Authority also capitalizes building or site improvements that cost more than $5,000 and have a useful life greater than one year. Depreciation is calculated on a straight-line method using the half-year convention over the estimated useful lives. When depreciable property is disposed of or sold, the cost and related accumulated depreciation are removed from the accounts, with any gain or loss recognized in the consolidated statement of revenues, expenses, and changes in net assets. The estimated useful lives are as follows:

Equipment and vehicles	3–7 years
Building and site improvements	15 years
Buildings	30 years

Interest costs incurred during the period in which capital assets are being prepared for their intended use are capitalized.

Other Long-Term Liabilities — Other long-term liabilities consist of deposits for the Section 8 — Family Self-Sufficient Program. A summary of the changes in other long-term liabilities is as follows:

	Balance 2009	Increase	Decrease	Balance 2010
Family Self-Sufficient Program deposits	$ 293,106	$ -	$ (12,242)	$ 280,864

Restricted Net Assets — This component of net assets consists of restricted assets when constraints are placed on assets by creditors (through debt covenants), grantors, contributors, laws, regulations, etc.

Use of Estimates — The preparation of consolidated financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

New Accounting Standards Not Yet Implemented — In November 2010, GASB issued GASB Statement No. 61, *The Financial Reporting Entity: Omnibus, an amendment of GASB Statements No. 12 No. 34*. This Statement modifies existing requirements for the assessment of potential component units in determining what should be included in the financial reporting entity, and financial reporting entity display and disclosure requirements. The requirements of this statement are effective for periods beginning after June 15, 2012. Management has determined that the implementation of GASB Statement No. 61 will not have a material effect on its reported consolidated financial statements.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

Ohio statutes classify monies held by the Authority into three categories.

Active Deposits — These are public deposits necessary to meet current demands for the Authority. Such monies must be maintained either as cash in the Authority's commercial accounts payable or withdrawal-on-demand accounts, including negotiable order of withdrawal accounts, or in money market deposit accounts.

Interim Deposits — These are deposits of interim monies. Interim monies are those that are not needed for immediate use, but that will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit (CDs) maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Protection of the Authority's deposits is provided by the Federal Deposit Insurance Corporation and by eligible securities pledged by the financial institution as security for repayment, by Surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies are to be deposited or invested in the following securities:

- United States Treasury notes, bills, bonds, or other obligations or securities issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States.

- Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association; all federal agency securities shall be direct issuances of the federal government agencies or instrumentalities.

- Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days.

- Bonds and other obligations of the State of Ohio.

- No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions.

- The State Treasurer's investment pool, the State Treasury Asset Reserve of Ohio ("STAR Ohio").

Investments in stripped principal or interest obligations, reverse purchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within three years from the date of purchase, unless it is matched to a specific obligation or debt of the Authority, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*; and GASB Statement No. 40, *Deposit and Investment Risk Disclosures — an amendment of GASB Statement No. 3*.

Deposits — The Authority maintains cash, cash equivalents, and investments in separate accounts for the Low-Rent Housing Program Fund restricted to investing in obligations of the U.S. government and other instruments issued by the State of Ohio.

Cash equivalents include short-term, highly liquid investments that are both readily convertible to known amounts of cash and are so near maturity that they present insignificant risk of changes in value because of changes in interest rates. Generally, only investments with original maturities of three months or less qualify under this definition.

Cash and cash equivalents of the Authority as of December 31, 2010, are as follows:

Active deposits:	
Deposits with financial institutions	$ 8,820,240
STAR Ohio	19,362,783
Carrying balance	$28,183,023

At year-end, the carrying amount of the Authority's deposits was $28,182,023 and the total bank balance was $28,376,311, the difference representing outstanding checks and other in-transit items. Of the bank balance, $1,473,728 was covered by federal depository insurance, $450 was maintained in petty cash funds, and the remainder is uncollateralized as defined by the GASB (covered by collateral pools held by third-party trustees pursuant to Section 135.181 of the Ohio Revised Code in collateral pools securing all public funds on deposit with specific depository institutions, but not in the Authority's name).

At December 31, 2010, the Authority had $19,362,783 held in STAR Ohio. STAR Ohio is a highly liquid investment pool with participation restricted to subdivisions of the State of Ohio. Under Ohio Revised Code Section 135.143, STAR Ohio is its political subdivisions. Due to the highly liquid nature of the fund, STAR Ohio resembles a money market fund, and therefore, has been treated as a cash equivalent by the Authority in the consolidated financial statements. The Authority's investment in the pool is not subject to custodial credit risk categorization, because it is not evidenced by securities that exist in physical or book entry form.

Investments — The Authority's investments and maturities as of December 31, 2010, are as follows:

	Fair Value	Maturity Date	Credit Rating S & P/Moody's
Federal home loan	$ 2,642,739	January 21, 2011	AAA/Aaa
CD	10,000,000	July 19, 2011	N/A
CD	11,000,000	November 30, 2011	N/A
Guarenteed investment contract	68,806	N/A	N/A
Total	$23,711,545		

Interest Rate Risk — Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of the investment. The Ohio Revised Code generally limits security purchases to those that mature within five years of settlement date.

Concentration of Credit Risk — The Authority places no limit on the amount it may invest with one issuer. The Authority's total investments are as follows:

U.S. federal agency	11.1 %
CDs	88.6
Guaranteed investment contract	0.3
Total	100 %

Custodial Credit Risk — For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Authority will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. All of the Authority's investments balances are collateralized by underlying securities pledged by the investment's counterparty, not in the name of the Authority.

As of December 31, 2010, the Authority maintains cash balances of $18,089,976 and investments of $9,881,398, which are restricted as to their use. Of these amounts, $13,226,076 is restricted to funding construction of housing and repaying related debt, $8,008,427 for housing assistance payments, and $6,736,871 is restricted for other purposes.

3. NOTES RECEIVABLE

In March 1997, the Authority entered into a loan agreement (the "Rosewind Note") with Rosewind Limited Partnership, a component unit of the Authority (see Note 10), for the construction of low-income housing. The Rosewind Note matures 35 years from the date of the Rosewind Note and is payable in annual installments of $25,000 without interest until maturity, when the remaining balance is due. The balance of the Rosewind Note is $18,872,314, and is presented net of allowance for doubtful accounts of $4,127,684 as of December 31, 2010.

The Rosewind Note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Rosewind Limited Partnership.

In August 2000, the Authority entered into a promissory note (the "Gender Road Note") with Gender Road Limited Partnership, a component unit of the Authority (see Note 10), for the purchase of low-income housing for a maximum amount of $10,000,000 without interest. The Gender Road Note agreement provides that Gender Road Limited Partnership will make minimum annual payments to the Authority in the amount of $25,000, and the remaining balance of the principal will be due 35 years from the date of the Gender Road Note. The balance of the Gender Road Note is $6,215,083, and is presented net of allowance for doubtful accounts of $464,047 at December 31, 2010.

The Gender Road Note is collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Gender Road Limited Partnership.

In October 2002, the Authority entered into a promissory note (the "Waggoner Note") with Waggoner Senior Housing Limited Partnership (see Note 10) for the development of low-income housing in the amount of $262,000. The Waggoner Note agreement has an annual interest rate of 4.9% and provides that payments are deferred until cash flows are sufficient to make payments, and the entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Note. The balance of the Waggoner Note is $262,000 at December 31, 2010.

In December 2002, the Authority entered into a Construction Loan (the "Waggoner Construction Loan") with Waggoner Senior Housing Limited Partnership (see Note 10) for the development of low-income housing. In 2006, the construction on the 75-unit housing project was completed, and the Waggoner Construction Loan, in the amount of $1,753,830, was issued to Waggoner Senior Housing Limited Partnership. The Waggoner Construction Loan has an annual interest rate of 0.5% and provides that all payments are deferred until cash flows are sufficient to make payments, and the entire balance of principal and all unpaid interest shall be due and payable 40 years from the date of the Waggoner Construction Loan. The balance of the Waggoner Construction Loan is $1,753,295 at December 31, 2010, and is presented net of an allowance for doubtful accounts of $89,145.

The Waggoner Note and the Waggoner Construction Loan are collateralized by an open-end mortgage granting the Authority a security interest in certain real property of Waggoner Senior Housing Limited Partnership.

In June 2009, the Authority entered into an agreement with VTT Skyview Towers, LLC whereby the Authority will sell certain real estate property known as Sawyer Towers in exchange for a promissory note of $1,275,000. This note was paid in full during 2010.

4. CAPITAL ASSETS

The changes in capital assets during the year ended December 31, 2010, are as follows:

	Balance 2009	Additions	Disposals	Transfers	Balance 2010
Land	$ 3,034,388	$ 116,043	$ (3,549)	$ -	$ 3,146,882
Site improvements	29,476,591		(1,281,930)	687,615	28,882,276
Buildings	171,348,791	1,016,487	(4,732,750)	7,181,330	174,813,858
Community buildings	11,500,762				11,500,762
Other capital assets	6,191,018	559,161	(145,651)	170,685	6,775,213
Construction in process	9,443,945	11,056,639		(8,039,630)	12,460,954
Total	230,995,495	12,748,330	(6,163,880)	-	237,579,945
Accumulated depreciation	(167,798,855)	(6,800,347)	4,799,088		(169,800,114)
Capital assets — net	$ 63,196,640	$ 5,947,983	$(1,364,792)	$ -	$ 67,779,831

5. PAYMENT IN LIEU OF TAXES

The Authority has executed a cooperation agreement with the City of Columbus that provides for tax exemption of the housing projects, but requires the Authority to make payments in lieu of taxes for municipal services received based upon a prescribed formula related to rental income. In 2010, those payments totaled $389,683.

6. RISK MANAGEMENT

The Authority maintains comprehensive insurance coverage with private carriers for real property, building contents, directors, and officers' liability insurance and vehicles. Vehicle policies include liability coverage for bodily injury and property damage.

The Authority is a member of Housing Authority Risk Retention Group (HARRG), which is a comprehensive general liability insurance group operated as a joint venture by its 742 public housing authority members. Through HARRG, the Authority carries $5,000,000 of general liability coverage, with a $10,000 deductible, as well as $1,000,000 of law enforcement liability, with a $10,000 deductible; $1,000,000 of public officials' errors and omissions coverage, with a $50,000 deductible; $100 million of property with a $25,000 deductible; $1,000,000 flood and earthquake with a $100,000 deductible; $50 million boiler with a $1,000 deductible; and $100, 000 coverage for mold or other fungus, with a $25,000 deductible. The Authority paid $424,919 in premiums to HARRG for the year ended December 31, 2010.

In addition, the Authority provides medical benefits to most of its employees on a fully insured basis with an independent insurance company. The premium rate is calculated based on claim history and administrative costs.

The Authority is part of the statewide plan for workers' compensation insurance coverage.

There were no changes to the above policies during the current fiscal year. Claims experience over the past three years indicates that there were no instances of losses exceeding insurance coverage.

7. BONDS AND NOTES PAYABLE

A rollforward of the Authority's long-term debt as of December 31, 2010, is as follows:

	Balance 2009	Increase	Decrease	Balance 2010	Due Within One Year
Bonds payable	$5,195,000	$ -	$ 55,000	$5,140,000	$ 55,000
Notes payable	2,097,279		2,097,279	-	
Total	$7,292,279	$ -	$ 2,152,279	$5,140,000	$ 55,000

Bonds Payable — In December 2002, New Village Homes issued $5,420,000 of Columbus Metropolitan Housing Authority Multifamily Housing Mortgage Revenue Bonds, Series 2003, guaranteed by HUD, for the construction of the New Village Homes Project. Principal payments are due at various intervals, with the balance due on November 20, 2044. The bonds are fully collateralized by the building. The interest rate is 5.4%. The future debt service as of December 31, 2010, is as follows:

Maturity Date	Principal Amount	Interest Amount	Total
2011	$ 55,000	$ 259,384	$ 314,384
2012	60,000	257,184	317,184
2013	60,000	254,641	314,641
2014	65,000	251,548	316,548
2015–2019	385,000	1,204,896	1,589,896
2020–2024	495,000	1,097,816	1,592,816
2025–2029	650,000	956,534	1,606,534
2030–2034	850,000	770,326	1,620,326
2035–2039	1,110,000	524,160	1,634,160
2040–2044	1,410,000	201,925	1,611,925
Total	$5,140,000	$5,778,414	$10,918,414

Notes Payable — In April 2001, HUD changed operating funding regulations to encourage housing authorities to make physical improvements for energy conservation measures that are financed by a loan, with repayment of the loan coming from energy savings. In June 2003, the Authority entered into an agreement with Honeywell, Inc. ("Honeywell") to make specific energy-saving improvements in selected Authority developments. The agreement included a financing arrangement with Honeywell to lend the Authority $3,659,960 for 12 years at 3.98% interest to cover construction costs. As part of the agreement, Honeywell guaranteed that savings from the energy conservation measures would be sufficient to cover debt service payments. The loan was assigned to Citibank, N.A. under the same terms as the Honeywell agreement. During construction, the proceeds from the loan were invested in a money market account and drawn down as construction was completed. As of March 2004, all construction was complete, and the first loan payment was made. This note was paid in full during 2010.

8. PENSION PLANS AND OTHER POSTEMPLOYMENT BENEFITS

The Authority contributes to the Public Employees' Retirement System of Ohio (OPERS), a cost-sharing, multiple-employer, defined benefit pension plan administered by the State of Ohio. OPERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Authority to establish and amend benefits is provided by State Statute per Chapter 145 of the Ohio Revised Code. OPERS administers three separate pension plans:

- The Traditional Pension Plan — a cost-sharing, multiple-employer defined benefit pension plan.

- The Member-Directed Plan — a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of member and (vested) employer contributions plus any investment earnings.

- The Combined Plan — a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor, and death benefits, and annual cost-of-living adjustments to members of the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits.

OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program, and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plan must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement No. 45.

OPERS also issues a stand-alone financial report. Interested parties may obtain a copy by making a written request to 277 East Town Street, Columbus, OH 43215-4642 or by calling +1 614 222 5601 or +1 800 222 7377.

The Ohio Revised Code provides statutory authority for member and employer contributions. For 2010, member and employer contributions rate were consistent across all three plans. While members in the state and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Plan. The 2010 member contribution rates were 10% of covered payroll for members in state and local classifications. The 2010 employer contribution rate for state and local employers were 14% of covered payroll.

The Authority's expense for OPERS, representing 100% of employer contributions, were $1,299,737, $1,367,742, and $1,449,483, for the years ended December 31, 2010, 2009, and 2008, respectively.

Other postemployment benefits (OPEB) for health care costs provided by OPERS are as follows:

- The Ohio Revised Code provides the statutory authority requiring public employers to fund postretirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of postretirement health care benefits.

- Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state and local employers contributed at a rate of 14% of covered payroll and public safety and law enforcement employers contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB plan.

- OPERS Postemployment Health Care Plan was established under, and is administrated in accordance with, Internal Revenue Code (IRC) Section 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of postemployment health care benefits. The portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5% from January 1 through February 28, 2010 and 5.0% from March 1 through December 31, 2010. The OPERS Board of Trustees is also authorized to establish rules for the payment of a portion of health care benefits provided by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

- The portion of the Authority's 2010 and 2009 expense that were used to fund postemployment benefits was $510,667 and $577,794, respectively.

The Health Care Preservation Plan, adopted by the OPERS Board of Trustees on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, 2007, and 2008. Rates for law and public safety employers increased over a six-year period beginning January 1, 2006, with a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

9. DEFERRED COMPENSATION

The Authority offers its employees a deferred compensation plan created in accordance with IRC Section 457. The plan, available to all regular employees, permits them to defer a portion of their salaries until future years. The deferred compensation is not available to employees until termination, retirement, death, or an unforeseeable emergency. The Authority made no contributions to the plan in 2010.

All assets of the plan are held in a trust for the exclusive benefit of the participants and their beneficiaries. Investments are managed by the Ohio Public Employees Deferred Compensation Program. The plan is not included in the Authority's consolidated financial statements, as the Authority does not hold these assets in a trustee capacity.

10. RELATED ENTITIES

Rosewind Limited Partnership (a Discretely Presented Component Unit) — In November 1996, the Authority established a not-for-profit subsidiary known as Metropolitan Housing Partners (MHP), which is included in other business ventures. MHP is the majority owner, with a 79% interest, in Rosewind GP Corporation, which is the 1% general partner in Rosewind Limited Partnership, a component unit of the

Authority (see Note 13). These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Rosewind Limited Partnership.

Construction was funded using HOPE VI grant funds and the proceeds of a bond issuance. The Authority leases to Rosewind Limited Partnership the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2010, the Authority has not incurred any accounts payable to Rosewind Limited Partnership for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In March 1998, Franklin County, Ohio, issued $14 million in tax-exempt bonds on behalf of Rosewind Limited Partnership, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Rosewind Limited Partnership. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Rosewind Limited Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of $25,000 was made during 2010. There were no amounts held in escrow at December 31, 2010.

The Authority has entered into a Development Agreement, Guaranty Agreement, and Pledge Agreement with Rosewind Limited Partnership whereby the Authority has agreed, in consideration for its development fee, to provide to Rosewind Limited Partnership such funds as are necessary to enable Rosewind Limited Partnership to meet cash expenditures for reasonable current costs of owning and operating the project property when they come due to the extent, if any, they exceed cash revenues. The Authority has agreed to pledge $1,431,406 of its developer fee as security for its obligations pursuant to this guaranty.

Rosewind Limited Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying consolidated financial statements of the Authority or Rosewind Limited Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, the Rosewind General Partner is required to provide the Limited Partner a maximum of $1,331,406 for this purpose. No credit reduction payments were made during 2010. The General Partner does not receive a fee under this provision.

Gender Road Limited Partnership (a Discretely Presented Component Unit) — MHP is also the majority owner, with 79% interest, of Gender Road GP Corporation, which is the 0.1% general partner in Gender Road Limited Partnership, a component unit of the Authority (see Note 14). These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Gender Road Limited Partnership.

Construction has been funded using HOPE VI grant funds and the proceeds of a bond issuance. The Authority leases to Gender Road Limited Partnership the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2010, the Authority has not incurred any accounts payable to Gender Road Limited Partnership for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for the sale of the property.

In August 2000, Franklin County, Ohio, issued $6 million in tax-exempt bonds on behalf of Gender Road Limited Partnership, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Gender Road Limited Partnership. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Gender Road Limited Partnership, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. A principal payment in the amount of $25,000 was made during 2010.

Gender Road Limited Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Authority or Gender Road Limited Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Gender Road General Partner is required to provide the Limited Partner a maximum of $600,000 for this purpose. No credit reduction payments were made during 2010. The General Partner does not receive a fee under this provision.

Jenkins Terrace, LLC (a Discretely Presented Component Unit) — In March 2005, MHP became the majority owner of Jenkins Terrace Incorporated, with a 75% ownership interest. Jenkins Terrace Inc. is the Managing Member in Jenkins Terrace, LLC, a component unit of the Authority (see Note 15).

These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Jenkins Terrace, LLC.

Construction has been funded using capital grant funds and the proceeds of a bond issuance. The Authority leases to Jenkins Terrace, LLC the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2010, the Authority has not incurred any accounts payable to Jenkins Terrace, LLC for pass-through funds to subsidiaries.

In August 2005, Franklin County, Ohio, issued $6.8 million in tax-exempt bonds on behalf of Jenkins Terrace, LLC, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Jenkins Terrace, LLC. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Jenkins Terrace, LLC, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. The funds held in escrow were in the name of Jenkins Terrace, LLC and are recorded in Jenkins Terrace, LLC's financial statements.

Upon completion of the construction project, Jenkins Terrace, LLC were allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42.

Waggoner Road, LLC (a Related Party) — In October 2002, the Authority established a wholly owned subsidiary, Waggoner Road, LLC, which entered into Waggoner Road Senior Limited Partnership. The general partner is Waggoner Senior Housing, Inc., a wholly owned subsidiary of the

National Church Residences, which has a 0.01% interest in the owner entity. The Authority is the special limited partner and will have a 0.01% interest in the owner entity. The limited partner is NHT Fifth Third X Tax Credit Fund LLC, which has a 99.98% interest in the owner entity. The Authority and National Church Residences have entered into development agreements to collaborate for codevelopment of the project.

The codevelopers expended $7,202,254 to develop 75 units (30 public housing units and 45 nonpublic housing units). Of this amount, the Authority invested a total of $2,095,194 in HOPE VI funds. The land on which this construction took place is wholly owned by the Authority; the Authority entered into a ground lease with Waggoner Road Senior Limited Partnership for use of the land.

For the year ended December 31, 2010, the Authority has not incurred accounts payable to Waggoner Road, LLC for pass-through funds to subsidiaries. Additionally, the Authority has outstanding notes receivable (see Note 3) for amounts loaned to Waggoner Senior Housing Limited Partnership in connection with this development.

Worley Terrace, LLC (a Discretely Presented Component Unit) — In February 2006, MHP became the sole owner of Worley Terrace, Incorporated, which has a 0.01% ownership interest in Worley Terrace, LLC, a component unit of the Authority (see Note 16).

These entities were established to facilitate the construction of low-income housing for which third-party investors will receive low-income tax credits in return for equity investments in Worley Terrace, LLC.

Construction has been funded using capital grant funds and the proceeds of a bond issuance. The Authority leases to Worley Terrace, LLC the property on which the low-income housing was constructed. The lease term is for 55 years at $100 per year.

For the year ended December 31, 2010, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

In November 2006, Franklin County, Ohio, issued $7 million in tax-exempt bonds on behalf of Worley Terrace, LLC, as the borrower. The proceeds of the bond issuance were used to repay the promissory note agreements owed to the Authority by Worley Terrace, LLC. The Authority, in turn, pledged the monies and subsequent interest earned, on behalf of Worley Terrace, LLC, as collateral for the repayment of the tax-exempt bonds issued and interest expense incurred on the bonds. The funds held in escrow were in the name of Worley Terrace, LLC and were recorded in Worley Terrace, LLC's financial statements.

Upon completion of the construction project, Worley Terrace, LLC were allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42.

Elim Manor Elderly Housing, LLC (a Discretely Presented Component Unit) — In December 2010, the Authority purchased 0.049% ownership interest in Elim Manor Elderly Housing, LLC, a component unit of the Authority (see Note 17).

This entity was established to construct, finance, lease, and operate a qualified low-income project within the meaning of Section 42 of the Internal Revenue Code, for which third-party investors will receive low-income tax credits in return for equity investments in Elim Manor Elderly Housing, LLC.

The Authority leases to Elim Manor Elderly Housing, LLC, the property on which the low-income housing will be constructed. The lease term is for 75 years at $100 per year.

For the year ended December 31, 2010, the Authority has not incurred any accounts payable for pass-through funds to subsidiaries.

11. UNCOMPLETED CONTRACTS

At December 31, 2010, the Authority has commitments of $1,188,259 in uncompleted contracts for the capital grant program.

12. CONTINGENT LIABILITIES

Under the terms of federal grants, periodic audits are required, and certain costs may be questioned as not being appropriate expenses under the terms of the grants. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenses that may be disallowed by the grantor cannot be determined at this time, although the Authority expects such amounts, if any, to be immaterial.

The Authority is a defendant in several lawsuits arising from its normal course of business. Where possible, estimates have been made and reflected in the consolidated financial statements for the effect, if any, of such contingencies. The ultimate outcome of these matters is not presently determinable.

13. ROSEWIND LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Rosewind Limited Partnership (the “Partnership”), an Ohio limited partnership, was formed on January 7, 1997, with Rosewind GP Corporation, as the General Partner, and Rosewind Investor Limited Partnership. On March 31, 1998, the Partnership Agreement was amended to remove Rosewind Investor Limited Partnership and add Ohio Equity Fund for Housing Limited Partnership IV (OEF IV), Ohio Equity Fund for Housing Limited Partnership VII (OEF VII), and Banc One Community Development Corporation (“Banc One”) as the Limited Partners.

The Partnership was formed to construct, own, and operate 230 residential apartments for low-income residents in Columbus, Ohio. The Partnership has received an allocation of low-income tax credits and must comply with the requirements of Section 42 of the IRC. Lease terms are typically one year or less.

The Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2052, unless it is earlier dissolved and terminated by provisions of the Partnership Agreement.

Summary of Significant Accounting Policies

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 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.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on the accelerated and straight-line methods. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the costs and related accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings	15–40 years
Furniture and fixtures	7 years

Impairment of Assets — The carrying value of long-lived assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value. Management has determined that no impairment existed as of December 31, 2010.

Cash Reserves — Cash reserves include tenant security deposits, replacement, and operating reserve accounts, rental payments escrow account, and an exit tax escrow account. The reserves have been established in amounts considered by the partners to be adequate and in accordance with the Partnership Agreement. Use of the reserves is restricted as defined in the Partnership Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet and the statement of cash flows.

Tenant Receivable and Bad Debt Policy — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Partnership accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Partnership does not accrue interest on tenant receivable balances. The carrying amount of tenant receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will be collected. This estimation takes into consideration historical trends, past history with specific tenants, and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them not to be collectible.

Partners' Equity — Profit and loss, as defined in the amended and restated Partnership Agreement, are allocated between the Limited Partners and the General Partner, 99% and 1%, respectively, other than capital events and certain other items, which are specifically allocated in accordance with the Partnership Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the Partners. The Partnership accounts for uncertainty in income taxes in its financial statements as required under Financial Accounting Standards Codification, *Accounting for Uncertainty in Income Tax Positions*. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition account. The Partnership's open audit periods are 2000–2010. Management has determined there were no material uncertain tax positions taken by the Partnership in its tax returns.

Cash — Cash is maintained at financial institutions and, at times, balances may exceed federally insured limits. All non-interest bearing cash balances were fully insured at December 31, 2010. Interest-bearing amounts on deposits in excess of federally insured limits at December 31, 2010 approximated $665,000.

Cash Reserves — Cash reserves at December 31, 2010, included the following:

Tenants' security deposits	$ 57,524
Rental payment escrow	109
Replacement reserve	380,555
Exit tax escrow	783,861
Total	$ 1,222,049

Other Assets — Other assets at December 31, 2010, included the following:

Prepaid insurance	$ 83,119
Monitoring fees	3,800
Prepaid contracts	3,215
Total	$ 90,134

Note Payable — The Partnership has a note payable to the Columbus Metropolitan Housing Authority (CMHA) in the amount of $18,871,789 at December 31, 2010. The note does not bear interest and is payable as funds are available. The note matures in 2032. Proceeds of this note were to be used for construction and operating expenditures. The note is secured solely by the Partnership property.

Related-Party Transactions — The Partnership Agreement provides that annual asset management fees be paid to Ohio Capital Corporation for Housing (OCCH). The fee is $6,000 for the first year and increases 4% annually as set forth in the Partnership Agreement. Asset management fees in the amount of $9,228 were charged to expense in 2010.

Management fees were based on $35 per occupied unit per month and are payable to CMHA. Management fees amounting to $95,305 were charged to expense in 2010.

All operating expenses are initially incurred and paid by CMHA. The Partnership reimburses CMHA for its monthly expenses. As of December 31, 2010, the Partnership owed CMHA $102,008. This amount is included in accounts payable — trade in the accompanying balance sheet.

Operating Deficit Guaranty — The Partnership has entered into a Development Agreement, Guaranty Agreement, and Pledge Agreement with the Authority (the "Sponsor") whereby the Sponsor has agreed, in consideration for its development fee, to provide to the Partnership such funds as are necessary to enable the Partnership to meet cash expenditures for reasonable current costs of owning and operating the project property when they come due to the extent, if any, they exceed cash revenues. The Sponsor has agreed to pledge $1,431,406 of its developer fee as security for its obligations pursuant to this guaranty.

Credit Reduction Payment — The Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by the IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Partnership, and therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Rosewind General Partner is required to provide the General Partner a maximum of $1,331,406 for this purpose. No credit reduction payments were made during 2010. The General Partner does not receive a fee under this provision.

Commitments — The Partnership is bound by a restrictive covenant. This covenant states that 99.13% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended-use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant further states that 50% of the low-income units must be rented to persons with incomes at or below 60% of the area median gross income (AMGI), adjusted for family size.

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 28, 2011, the date on which the financial statements were available to be issued.

14. GENDER ROAD LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENTED COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Gender Road Limited Partnership (the "Partnership"), an Ohio limited partnership, was formed on May 23, 1997, by Gender Road GP Corporation (the "General Partner") and Gender Road Investor Limited Partnership (the "Original Limited Partner"). The Partnership Agreement was subsequently amended and restated in January 2001 to evidence the withdrawal of the Original Limited Partner and to admit Ohio Equity Fund for Housing Limited Partnership X (OEF X) and Banc One Community Development Corporation ("Banc One") as the Limited Partners.

The Partnership was formed to acquire, construct, own, and operate a 95-unit apartment complex intended for rental to individuals and families of low and moderate income located in Columbus, Ohio. The Partnership began leasing units in September 2000. Lease terms are typically one year or less.

The Partnership Agreement provides that the Partnership shall continue in existence until December 31, 2052, unless it is earlier dissolved and terminated by provisions of the agreement.

Summary of Significant Accounting Policies

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 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.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Assets purchased but not placed in service are capitalized and depreciation is not computed until the assets are placed in service. Upon disposal of assets, the costs and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings	27.5 years
Site improvements	15 years
Furniture and fixtures	5 years

Impairment of Assets — The carrying value of long-lived assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded on the difference between the carrying amount of the assets and their estimated fair value. Management has determined that no impairment existed as of December 31, 2010.

Cash Reserves — Cash reserves include tenant security deposits and replacement and operating reserve accounts. The reserves have been established in amounts considered by the Partners to be adequate and in accordance with the Partnership Agreement. Use of the reserves is restricted as defined in the Partnership Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet.

Tenant Receivable — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Partnership accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Partnership does not accrue interest on tenant receivable balances.

Partners' Equity — Profit and loss, as defined in the amended and restated Partnership Agreement, are allocated between the Limited Partners and the General Partner, 99.9% and 0.1%, respectively, other than special allocations (as defined by the Partnership Agreement) and certain other items that are specifically allocated in accordance with the Partnership Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the Partners. The Partnership accounts for uncertainty in income taxes in its financial statements as required under Financial Accounting Standards Codification, *Accounting for Uncertainty in Income Tax Positions*. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition account. The Partnership's open audit periods are 2007–2010. Management has determined there were no material uncertain tax positions taken by the Partnership in its tax returns.

Cash — The Partnership maintains six bank accounts with two financial institutions, which, at times, may exceed federally insured limits.

Cash Reserves — Cash reserves at December 31, 2010, included the following:

Operating reserve	$ 441,026
Tenants' security deposits	30,300
Replacement reserve	99,207
Total	$ 570,533

Other Assets — Other assets at December 31, 2010, included the following:

Prepaid insurance	$ 17,671
Prepaid contracts	1,944
Compliance monitoring fee — net	3,958
Total other assets	$ 23,573

Note Payable — The Partnership has a $10,000,000 open-end mortgage with the Authority. The Partnership is required to make minimum annual payments of $25,000 per year. At December 31, 2010, the outstanding balance on the loan was $6,215,082. The loan does not bear interest and is due on July 31, 2035. The mortgage is secured solely by the Partnership property.

Related-Party Transactions — The note receivable from the Limited Partners in the amount of $313,000 as of December 31, 2010, is for the subscribed capital contributions. The note is secured solely by the Limited Partners' interest in the Partnership. The balance of $313,000 is due full in 2011.

The Partnership Agreement provides that an annual asset management fee be paid to Ohio Capital Corporation for Housing (OCCH). The fee is $4,000 for the first year and increases 4% annually, as set forth in the Partnership Agreement. Asset management fees in the amount of $5,688 were charged to expense in 2010.

Management fees are based on $35 per occupied unit, per month and are payable to the Authority. Management fees amounting to $39,165 were charged to expense in 2010.

All operating expenses are initially incurred and paid by the Authority. The Partnership reimburses the Authority for its monthly expenses. As of December 31, 2010, the Partnership owed the Authority $28,811. This amount is included in accounts payable — trade in the accompanying balance sheet.

Credit Reduction Payment — The Partnership is allocated Federal Low-Income Housing Tax Credits under the program described by the IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Partnership and, therefore, have not been audited. However, the Partnership Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Limited Partners shall reduce their required capital contribution by the amount of the shortfall (as defined in the Partnership Agreement). Further, if the full amount of annual tax credits is not obtained, the General Partner of the project partnership is obligated to pay the Limited Partners the amount of the shortfall. Under the terms of the Partnership Agreement, Gender Road Limited Partnership is required to provide the General Partner a maximum of $600,000 for this purpose. No credit reduction payments were made during 2010. The General Partner does not receive a fee under this provision.

Commitments — The Partnership is bound by a restrictive covenant. This covenant states that 100% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended-use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant further states that 100% of the low-income units must be rented to persons with incomes at or below 60% of the AMGI, adjusted for family size.

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 28, 2011, the date on which the financial statements were available to be issued.

15. JENKINS TERRACE LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENT COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Jenkins Terrace, LLC (the "Company"), an Ohio Limited Liability company, was formed on January 27, 2004, with Jenkins Terrace, Inc. as the sole member. On August 30, 2005, the Operating Agreement was amended to add Ohio Equity Fund of Housing Limited Partnership XIV as the Investor Member and Jenkins Terrace, Inc. as the Managing Member.

The Company was formed to construct, own, and operate 100 residential apartments for elderly, low-income residents in Columbus, Ohio. The Project began leasing in April 2007. As incentive for investment equity, the Company applied for and received an allocation certificate for low-income housing tax credits through an allocation of tax-exempt bonds. Tenant eligibility and rental charges are further restricted in accordance with IRC Section 42. Lease terms are typically one year or less.

The Operating Agreement provides that the Company shall continue in perpetuity, unless it is earlier dissolved and terminated by provisions of the Operating Agreement.

Summary of Significant Accounting Policies

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 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.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on accelerated methods. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the costs and related accumulated depreciation are removed from the accounts, and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings	40 years
Site improvements	15 years
Furniture and fixtures	3–5 years

Impairment of Assets — The carrying value of long-lived assets and certain intangible assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value.

Cash Reserves — Cash reserves include tenant security deposits and investor contributions. The reserves have been established in amounts considered by the members to be adequate and in accordance with the Operating Agreement. Use of the reserves is restricted as defined in the Operating Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet.

Tenant Receivable — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Company accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Company does not accrue interest on tenant receivable balances.

Other Assets — Other assets consist of compliance monitoring fees and tax credit fees incurred to obtain the low-income housing tax credits. These fees have been capitalized and are being amortized over 15 years using the straight-line method.

Members' Equity — Profit and loss, as defined in the amended and restated Operating Agreement, are allocated between the Investor Member and the Managing Member, 99.9% and 0.1%, respectively, other than special allocations (as defined by the amended and restated Operating Agreement) and certain other items that are specifically allocated in accordance with the amended and restated Operating Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the members. The Partnership accounts for uncertainty in income taxes in its financial statements as required under Financial Accounting Standards Codification, *Accounting for Uncertainty in Income Tax Positions*. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure and transition account. The Partnership's open audit periods are 2007–2009. Management has determined there were no material uncertain tax positions taken by the Partnership in its tax returns.

Cash — The Company maintains two bank accounts with one financial institution, which, at times, may exceed federally insured limits.

Cash Reserves — Cash reserves at December 31, 2010, included the following:

Tenants' security deposits	$ 24,573

Other Assets — Other assets and prepaid expense at December 31, 2010, included the following:

Compliance monitoring fee	$ 40,000
Tax credit fees	22,782
Total other assets	$ 62,782

Related-Party Transactions — The note receivable from the Investor Member in the amount of $486,372 as of December 31, 2010, is for the subscribed capital contributions. The note is secured solely by the Investor Member's interest in the Company. The balance is due in an installment of $468,372 on or before April 30, 2013.

The Operating Agreement provides that an asset management fee be paid to Ohio Capital Corporation for Housing (OCCH). The fee for the term of the agreement (15 years) is $65,000 and was paid in November 2007. The asset management fee will be amortized over the term of the agreement beginning in 2008. Prepaid asset management fees were $52,000 as of December 31, 2010, and are included in prepaid expenses in the accompanying balance sheet.

Beginning in 2007, monthly management fees of $35 per occupied unit are payable to CMHA. This amount increases by 3% annually. Management fees amounting to $45,474 were charged to expense in 2010.

All operating expenses are initially incurred and paid by the Authority. The Company reimburses CMHA for its monthly expenses. As of December 31, 2010, the Company owed CMHA $40,689. These amounts are included in accounts payable — trade in the accompanying balance sheet.

The Operating Agreement provides that a disposition fee of 3% of net cash from the sale or refinancing is to be paid to OCCH upon the sale of the rental property or any position thereof.

During 2010, the Company sold equipment to Maplewood Heights, which is 100% owned by the Authority, resulting in a loss of $34,885.

Credit Reduction Payment — The Company is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Company, and therefore, have not been audited. However, the Operating Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Investor Member shall reduce its required capital contribution by the amount of the shortfall (as defined in the Operating Agreement). Further, if the full amount of annual tax credits is not obtained, the Managing Member of the Company is obligated to pay the Investor Member the amount of the shortfall. Under the terms of the Operating Agreement, Jenkins Terrace, LLC is required to provide the Managing Member with a maximum of $1,884,700 for this purpose. No credit reduction payments were made during 2010. The Managing Member does not receive a fee under this provision.

Operating Deficit Funding Agreement — Effective March 1, 2006, CMHA and the Company entered into an operating deficit funding agreement. As part of this agreement, CMHA will deposit $924,000 in a Public Housing Operating Deficit Funding Account. Additionally, the Authority will deposit $811,719 in a Pledged Reserve Account. CMHA will not be entitled to repayment of any portion of these amounts.

Commitments — The Company is bound by a restrictive covenant. This covenant states that 100% of the project property must be maintained as low-income housing for an initial compliance period of 15 years, and for the extended-use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant requires rent restrictions so that the units can be rented at a level that is affordable to persons with income at or below specific percentages of the AMGI. These restrictions are as follows:

Income restrictions — 100 units with household income at or below 60% of the AMGI
Rent restrictions — 100 units with rents at or below 60% of the AMGI

Additionally, 100 units must be rented to elderly households meeting the HUD definition of elderly (the head of household must be age 62 or older, or handicapped, or disabled).

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 28, 2011, the date on which the financial statements were available to be issued.

16. WORLEY TERRACE LIMITED PARTNERSHIP — NOTES TO DISCRETELY PRESENT COMPONENT UNIT FINANCIAL STATEMENTS

Nature and Scope of Business — Worley Terrace, LLC (the "Company"), an Ohio Limited Liability Company, was formed on February 22, 2006, with Worley Terrace, Inc. as the Managing Member and Ohio Equity Fund for Housing Limited Partnership XVI as the Investor Member. On October 31, 2007, the Operating Agreement was amended and restated to add National City Community Development Corporation as an additional Investor Member.

The Company was formed to construct, own, and operate 100 residential apartments for elderly low-income residents in Columbus, Ohio. The Project began operations in July 2008. As incentive for investment equity, the Company applied for and received an allocation certificate for low-income housing tax credits through an allocation of tax-exempt bonds. Tenant eligibility and rental charges are further restricted in accordance with Section 42 of the Internal Revenue Code. Lease terms are typically one year or less.

The Operating Agreement provides that the Company shall continue in perpetuity, unless it is earlier dissolved and terminated by provisions of the Operating Agreement.

Summary of Significant Accounting Policies

Use of Estimates — The preparation of the 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 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.

Rental Property — Rental property is carried at cost, less accumulated depreciation computed on the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs, which do not improve or extend the life of the respective assets, are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Rental property assets are depreciated over their estimated useful lives as follows:

Buildings and improvements	40 years
Site improvements	15 years
Furniture and fixtures	5 years

Impairment of Assets — The carrying value of long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate the amount of the assets may not be recoverable. When an indication of impairment is present and the undiscounted cash flows estimated to be generated by the related assets are less than the assets' carrying amount, an impairment loss will be recorded based on the difference between the carrying amount of the assets and their estimated fair value.

Cash Reserve — Cash reserve include an operating reserve, tenant security deposits, and replacement reserve accounts. The reserves have been established in amounts considered by the Members to be adequate and in accordance with the Operating Agreement. Use of the reserves is restricted as defined in the Operating Agreement, and therefore, the reserves have been excluded from cash in the accompanying balance sheet.

Tenant Receivable — Tenant rent charges for the current month are due on the first of the month. Tenants who are evicted or move out are charged with any damages or cleaning fees. The Company accounts for all past-due rents at the contract rate and recognizes other tenant charges on the date assessed at the actual amount due. The Company does not accrue interest on tenant receivable balances. The carrying amount of tenant receivables is reduced by a valuation allowance that reflects management's best estimate of the amount that will be collected. This estimation takes into consideration historical trends, past history with specific tenants, and current economic conditions. Actual results could vary from the estimate. Accounts are charged against the allowance when management deems them not to be collectible.

Members' Equity — Profit and loss, as defined in the amended and restated Operating Agreement, are allocated between the Investor Members and the Managing Member, 99.90% and 0.10%, respectively, other than special allocations (as defined by the amended and restated Operating Agreement) and certain other items that are specifically allocated in accordance with the amended and restated Operating Agreement.

Income Taxes — No provisions have been made in the financial statements for income taxes, since such taxes are the responsibility of the Members. The Partnership accounts for uncertainty in income taxes in its financial statements as required under Financial Accounting Standards Codification, *Accounting for Uncertainty in Income Tax Positions*. This standard prescribes a recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position taken or expected to be taken in a tax return. The standard also provides guidance on de-recognition, classification, interest, and penalties, accounting in interim periods, disclosure, and transition account. The Partnership's open audit periods are 2007–2009. Management has determined there were no material uncertain tax positions taken by the Partnership in its tax returns.

Cash — The Company maintains four bank accounts with two financial institutions, which at times may exceed federally insured limits.

Cash Reserves — Cash reserves included the following at December 31:

	2010
Replacement reserve	$ 235,164
Tenants' security deposit	22,878
Operating reserve	116,075
Total	$ 374,117

Other Assets — Other assets included the following at December 31:

	2010
Compliance monitoring fee — net	$ 78,000
Asset management fee — net	65,000
Total	$ 143,000

Related-Party Transactions — The note receivable from the Investor Members in the amount of $100,000 as of December 31, 2010, is for the subscribed capital contributions. The note is secured solely by the Investor Members' interest in the Company. The balance is due in one installment of $100,000 in 2014.

Monthly management fees of $35 per occupied unit are payable to CMHA. Management fees amounting to $43,316 were charged to expense during 2010.

The Partnership Agreement provides that a disposition fee of 3% of net cash from sale or refinancing is to be paid to OCCH upon the sale of the rental property or any position thereof.

All operating expenses are initially incurred and paid by CMHA. The Project reimburses CMHA for its monthly expenses. As of December 31, 2010, the Project owed CMHA $36,647. This amount is included accounts payable — trade in the accompanying balance sheets.

Credit Reduction Payment — The Company is allocated Federal Low-Income Housing Tax Credits under the program described by IRC Section 42. These tax credits are not reflected in the accompanying financial statements of the Company and, therefore, have not been audited. However, the Operating Agreement provides for a credit reduction payment. In the event that the total amount of tax credits obtained is less than the total amount projected, the Investor Member shall reduce its required capital contribution by the amount of the shortfall (as defined in the Operating Agreement). Further, if the full amount of annual tax credits is not obtained, the Managing Member of the Company is obligated to pay the Investor Members the amount of the shortfall. Under the terms of the Operating Agreement, Worley Terrace, LLC is required to provide the Managing Member a maximum of $1,958,591 for this purpose. No credit reduction payments were made during 2010. The Managing Member does not receive a fee under this provision.

Operating Deficit Funding Agreement — Effective November 30, 2006, the Authority and the Company entered into an operating deficit funding agreement. As part of this agreement, the Authority will deposit $1,418,883 in a Public Housing Operating Deficit Funding Account. Additionally, the Authority will deposit $464,531 in a pledged reserve account. The Authority will not be entitled to repayment of any portion of these amounts.

Commitments and Contingencies

Restrictive Covenant — The Company's participation in the housing tax credit program requires the Company to enter into and be bound by a restrictive covenant with HUD. The covenant states that 100% of the project property must be maintained as low-income housing for an initial compliance period of 15 years and for the extended use period of an additional 15 years, unless terminated after the end of the initial 15-year period.

In addition, the covenant requires rent restrictions so that the units can be rented at a level that is affordable to persons with income at or below specific percentages of the area median gross income (AMGI). These restrictions are as follows:

Income restrictions:
  75 units with household income at or below 60% of the AMGI
  25 units with household income at or below 50% of the AMGI
Rent restrictions:
  75 units with rents at or below 60% of the AMGI
  25 units with rents at or below 50% of the AMGI

Additionally, 100 units must be rented to elderly households meeting the HUD definition of elderly (the head of household must be age 62 or older, handicapped, or disabled).

Subsequent Events — Date of Management Evaluation — Management has evaluated subsequent events through February 28, 2011, the date on which the financial statements were available to be issued.

17. ELIM MANOR ELDERY HOUSING LLC

Organization — Elim Manor Elderly Housing, LLC (the Company), an Ohio limited liability company, was originally formed on October 26, 2009, by Elim Manor Elderly Facilities, Inc. (Managing Member). The Operating Agreement was subsequently amended and restated on December 10, 2010 (Operating Agreement) to evidence the admission of Huntington Ohio ARRA Fund LLC as the Investor Member and the admission of Columbus Metropolitan Housing Authority as the Special Investor Member.

Elim Manor Holding Corp LLC, an Ohio limited liability company, was formed on November 12, 2010, and is a wholly owned subsidiary of the Company created to maintain the capital assets of the housing project.

The Company was formed to construct, finance, lease and operate qualified low-income housing project with 63 units known as Elim Manor in Columbus, Ohio. The Company is in the development stage where operations are currently devoted primarily to raising capital, obtaining financing, constructing project housing, and administrative functions.

The Operating Agreement provides that the Company shall continue in existence until December 31, 2085, unless it is earlier dissolved and terminated by provisions of the Agreement.

Principles of Consolidation — The consolidated financial statements include the accounts of the Company and its wholly owned subsidiary. All significant intercompany accounts and transactions have been eliminated in consolidation.

Basis of Accounting — The consolidated financial statements of the Company have been prepared on the accrual basis of accounting.

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 these estimates.

Rental Property — The Partnership reviews its investment in real estate for impairment whenever events or changes in circumstances indicate that the carrying value of such property may not be recoverable. Recoverability is measured by a comparison of the carrying amount of the real estate to the future net undiscounted cash flow expected to be generated by the rental property, including the low-income housing tax credits and any estimated proceeds from the eventual disposition of the real estate. If the real estate is considered to be impaired, the impairment to be recognized is measured at the amount by which the carrying amount of the real estate exceeds the fair value of such property. There were no impairment losses recognized in 2010.

Cash and Cash Equivalents — For the purpose of reporting cash flows, cash and cash equivalents include unrestricted petty cash, demand deposits, and savings accounts. The Company has certain construction related escrow accounts included in cash and cash equivalents that amounted to $881,316 at December 31, 2010.

Deferred Loan Costs — Direct costs incurred in connection with obtaining the mortgages and other notes payable have been capitalized and will be amortized over the term of the respective loan using the straight-line method.

Members' Equity — Profit and loss is to be allocated between the Investor Member, Special Investor Member, and Managing Member, 99.9%, 0.049%, and 0.051%, respectively, other than special allocations (as defined by the Operating Agreement) and certain other items that would be specifically allocated to the Members in accordance with the Operating Agreement.

Advertising — Advertising costs are expensed as incurred. No advertising costs were incurred during the year ended December 31, 2010.

Income Taxes — No provision has been made in the financial statements for income taxes, since such taxes are the responsibility of the Members.

Accounting for Uncertainty in Income Taxes — The Company has adopted the provisions of Accounting for Uncertainty in Income Taxes. Those provisions clarify the accounting and recognition for income tax positions taken or expected to be taken in the Company's income tax returns. The Company's income tax filings are subject to audit by various taxing authorities. In evaluating the Company's tax provisions and accruals, future taxable income, and the reversal of temporary differences, interpretations and tax planning strategies are considered. The Company believes their estimates are appropriate based on current facts and circumstances.

Concentration of Credit Risk — The Company deposits its cash in financial institutions. At various times during the year, the account balances may exceed the institution's federally insured limits. The Company has not experienced any losses on such accounts.

Subsequent Events — The Company evaluates events and transactions occurring subsequent to the date of the financial statements for matters requiring recognition or disclosure in the financial statements. The accompanying financial statements consider events through April 15, 2011, the date which the financial statements were available to be issued.

Mortgage and Other Notes Payable — Mortgage and other notes payable consists of the following at December 31, 2010:

Note payable to The Affordable Housing Trust for Columbus and Franklin County, bearing interest at 2.5%, compounded monthly, interest payable in monthly installments beginning through the December 31, 2012 maturity date. Guaranteed by Columbus Housing Partnership, Inc.	$ 650,000
Note payable to the Ohio Housing Finance Agency, bearing a variable interest rate (2.75% as of December 31, 2010), interest payable in monthly installments through December 15, 2012 maturity date, principal balance due upon maturity. Guaranteed by Columbus Housing Partnership, Inc.	178,000
Mortgage note payable to Red Mortgage Capital, LLC, bearing interest at 3.68%, compounded monthly, interest-only payments through March 1, 2012, principal and interest payable in monthly installments of $9,957 beginning April 1, 2012 through the March 1, 2052 maturity date.	231,741
Total	$ 1,059,741

The minimum principal payments of the mortgages and other notes payable at December 31, 2010 due in each of the next five years and thereafter are as follows:

2011	$ -
2012	912,241
2013	115,993
2014	31,507
Total	$ 1,059,741

The Ohio Housing Finance Agency (OHFA) issued Multifamily Housing Revenue Bonds Series 2010C in the aggregate principal amount of $700,000 and has made the proceeds available to Company. This arrangement is evidenced through a promissory note and loan agreement between the Company and OHFA. At December 31, 2010, $522,000 was available for future withdrawal.

The Company has entered into a $2,500,000 mortgage note held by Red Mortgage Capital, LLC. At December 31, 2010, $2,268,259 was available for future withdrawal.

Related Party Transactions — The non-interest bearing note receivable for the Investor Member's subscribed capital contribution in the amount of $961,740 at December 31, 2010, is secured solely by the Investor Member's interest in the Company. In accordance with the Operating Agreement, $123,217 of the total $1,084,957 Investor Member's capital contributions was paid in 2010.

The Special Investor Member has made capital contributions in the amount of $2,284,080 during 2010 in accordance with the Operating Agreement.

The Operating Agreement provides that an asset management and supportive services fee be paid to Columbus Housing Partnership, Inc, minority owner of the Managing Member. The fees are $4,000 each year and increase 3% annually as set forth in the Operating Agreement. No asset management fees or supportive service fees were paid or charged to expense during 2010.

The Operating Agreement provides that an asset management fee be paid to Ohio Capital Corporation for Housing (OCCH), an affiliate of the Investor Member. The fee is $80,000 and is to be paid from the second installment of the Investor Member's capital contribution. Asset management fees in the amount of $0 were charged to expense in 2010. The amount due at December 31, 2010 was $0.

The Operating Agreement provides that a disposition fee of 1% of any amounts payable to the Company upon the sale of the rental property or any portion thereof shall be paid to OCCH, up to a maximum of $50,000. No fee was charged to expense during 2010.

The Company agreed to pay a development fee of $822,868 to Columbus Housing Partnership, Inc. (CHP) and the Authority for certain services provided during construction and development. As of December 31, 2010, $205,717 was payable under this agreement and capitalized as construction in progress. The deferred development fee is to be paid from available cash flow as permitted by the Operating Agreement. The Managing Member is required to make an additional capital contribution, on the maturity date of the tenth anniversary of the date the project is placed in service, in an amount equal to the outstanding amount of any unpaid development fee of which the proceeds shall be used by the Company to repay the unpaid development fee.

As of December 31, 2010, CHP is owed $7,206 for expenses paid on behalf of the Company.

The Company entered into a lease agreement with CMHA on December 10, 2010 to lease land on which the housing project is being constructed. Annual rent payments of $100 are to be paid to CMHA for the term of 75 years. After the lease terminates in the 75th year, all assets affixed to the land will revert to CMHA.

Guarantees — The Operating Agreement provides for a construction completion guaranty, whereby the Managing Member and Columbus Housing Partnership, Inc. (Guarantors) guarantee that the project will be constructed in accordance with defined plans and specifications. The guaranty includes funding all amounts incurred to complete construction in excess of existing sources of financing. Any financing arrangements arranged by the Managing Member should be the sole obligation of the Managing Member. Funds made available by the Guarantors will be treated as income to the Company. No funds have been advanced as part of this guarantee as of December 31, 2010.

The Managing Member is required to loan the Company an amount equal to any financing that was less than projected in the Operating Agreement.

The Operating Agreement requires Columbus Housing Partnership, Inc. and Columbus Metropolitan Housing Authority to jointly provide up to $186,093 to the Company in order to permit the Company to meet all reasonable current costs of owning and operating the project property throughout the period as defined in the Agreement. Amounts paid by CHP and the Authority to the Company pursuant to this agreement shall be treated as a non-interest bearing loan repayable as cash flow of the Company permits. CHP and the Authority have not advanced any funds to the Company pursuant to this agreement. CHP and the Authority do not receive a fee for providing this guaranty.

Current Vulnerability Due to Certain Concentrations — The Company's largest asset is a 63-unit apartment project currently under construction. The Company's operations will be concentrated in the multifamily real estate market. In addition, the Company will operate in a heavily regulated environment. The operations of the Company are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, the Internal Revenue Service (IRS) and Ohio Housing Finance Agency (OHFA). Such administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by the IRS or OHFA. Such changes may occur with little notice or inadequate funding to pay for the related cost, including the additional administrative burden, to comply with a change.

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SUPPLEMENTAL FINANCIAL DATA SCHEDULES

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2010

ASSETS	Low Rent 14.850	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	MainStream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	Capital Stimulus 14.884	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
CASH AND CASH EQUIVALENTS:															
Unrestricted	$ 3,398,963	$ 341,350	$ -	$ 86,324	$ 33,077	$ -	$ -	$ -	$188,726	$ 1,171,590	$ -	$ 1,989,017	$2,884,100	$ -	$ 10,093,147
Restricted, modernization, and development	1,884,979					41				321,014		1,207,491			3,413,525
Other restricted	96	7,725,457	82,141							5,762,363			1,577		13,571,634
Tenant security deposits	264,655									125,327					389,982
Restricted for payment of current liability		281,782			282,969					149,984					714,735
Total cash and cash equivalents	5,548,693	8,348,589	82,141	86,324	316,046	41	-	-	188,726	7,530,278	-	3,196,508	2,885,677	-	28,183,023
ACCOUNTS AND NOTES RECEIVABLE:															
Accounts receivable — PHA projects		115,650													115,650
Accounts receivable — HUD, other projects						490,952	144,573						6,387,581		7,023,106
Accounts receivable — miscellaneous	1,559	323,859	475	15,879	3,053				18,997	378,594		1,560,910		(135,600)	2,167,726
Allowance for doubtful accounts — miscellaneous															
Accounts receivable — tenants, dwelling ren	156,143									8,747					164,890
Allowance for doubtful accounts — tenants, dwelling rent	(28,084)									(293)					(28,377)
Allowance for doubtful accounts — other		(323,859)	(475)	(15,879)	(3,053)				(18,997)			(2,889,145)			(3,251,408)
Notes and mortgages receivable — current												50,000			50,000
Fraud recovery		1,597,570		1											1,597,571
Allowance for doubtful accounts — fraud		(1,597,570)		(1)											(1,597,571)
Accrued interest receivable	8,197	6,262								145,444		109,109			269,012
Total receivables — net allowance for doubtful accounts	137,815	121,912	-	-	-	490,952	144,573	-	-	532,492	-	(1,169,126)	6,387,581	(135,600)	6,510,599

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION AS OF DECEMBER 31, 2010

	Low Rent 14.850	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	Capital Stimulus 14.884	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
INVESTMENTS:															
Unrestricted	$ 2,267,015	$ 1,581,141	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 4,316,274	$ -	$ 5,665,717	$ -	$ -	$ 13,830,147
Restricted for payment of current liability															
Restricted	2,750,773									68,806		7,061,819			9,881,398
Total investments	5,017,788	1,581,141	-	-	-	-	-	-	-	4,385,080	-	12,727,536	-	-	23,711,545
PREPAID EXPENSES AND OTHER ASSETS — Excluding accrued interest receivables	162,531	70,342								63,522		54,380			350,775
INVENTORIES												188,106			188,106
ALLOWANCE FOR OBSOLETE INVENTORIES												(5,667)			(5,667)
INTERPROGRAM RECEIVABLE												10		(10)	-
CAPITAL ASSETS:															
Land	93,071	785,041								308,603		1,960,167			3,146,882
Buildings	167,314,628	318,040								35,527,524		12,151,897			215,312,089
Furniture, equipment, and machinery — dwellings	1,203,469								16,926	72,000		2,152,376			3,444,771
Furniture, equipment, and machinery — administration		2,176,928								721,272	50,440		266,609		3,215,249
Accumulated depreciation	(148,072,681)	(2,012,920)							(16,926)	(12,826,173)	(50,440)	(6,554,365)	(266,609)		(169,800,114)
Construction in progress		2,789				3,390,648	9,058,232					9,285			12,460,954
Total capital assets — net of accumulated depreciation	20,538,487	1,269,878	-	-	-	3,390,648	9,058,232	-	-	23,803,226	-	9,719,360	-	-	67,779,831
OTHER ASSETS:															
Notes and mortgages receivable — noncurrent										261,990		24,998,971			25,260,961
Other assets										197,105		3,863			200,968
Investments and joint ventures	20,000									1,019		18,943,918			18,964,937
Total other assets	20,000	-	-	-	-	-	-	-	-	460,114	-	43,946,752	-	-	44,426,866
TOTAL	$ 31,425,314	$11,391,862	$82,141	$86,324	$316,046	$3,881,641	$9,202,805	$ -	$188,726	$ 36,774,712	$ -	$68,657,859	$9,273,258	$(135,610)	$ 171,145,078

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF NET ASSETS INFORMATION
AS OF DECEMBER 31, 2010

LIABILITIES AND NET ASSETS	Low Rent 14.850	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	Capital Stimulus 14.884	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Interprogram Eliminations	Total
LIABILITIES:															
Accounts payable, accrued liabilities, and other liabilities:															
Accounts payable — <90 days	$ 632,148	$ 489,164	$ -	$ 15	$ -	$ 263,842	$ 40,985	$ -	$ 4,741	$ 284,051	$ -	$ 176,538	$ 8,481,899	$ (135,600)	$ 10,237,783
Accounts payable — >90 days	17,880	41				189,186	103,588					3,216			313,911
Accrued wages/payroll taxes payable	173,855	223,597				23,614			4,697	40,875		370,382			837,020
Accrued compensated absences — current portion	38,546	42,271				4,503				4,532		57,035	7,767		154,654
Accrued contingent liability	129,722									29,281		72,062			231,065
Accrued interest payable										27,781					27,781
Accounts payable — HUD, PHA program		67,101		6,609					5,732				1,727		81,169
Accounts payable — other government	47,154									279,945					327,099
Tenant security deposits	263,407									123,464					386,871
Deferred revenue	82,560				282,969					24,625		38			390,192
Current portion of long-term debt — capital projects										55,000					55,000
Other current liabilities										8,071					8,071
Accrued liabilities — other	148,092	160							8	12,457		1,222			161,939
Interprogram payable										10				(10)	-
Total accounts payable, accrued liabilities, and other liabilities	1,533,364	822,334	-	6,624	282,969	481,145	144,573	-	15,178	890,092	-	680,493	8,491,393	(135,610)	13,212,555
Debt and other liabilities:															
Long-term debt — net of current — capital projects										5,085,000					5,085,000
Noncurrent liabilities — other		280,864													280,864
Accrued compensated absences — noncurrent	56,119	19,418				9,804			339	6,369		103,043			195,092
Total debt and other liabilities	56,119	300,282	-	-	-	9,804	-	-	339	5,091,369	-	103,043	-	-	5,560,956
Total liabilities	1,589,483	1,122,616	-	6,624	282,969	490,949	144,573	-	15,517	5,981,461	-	783,536	8,491,393	(135,610)	18,773,511
NET ASSETS:															
Invested in capital assets — net of related debt	20,538,484	1,269,878				3,390,651	9,058,232			18,663,226		9,719,360			62,639,831
Restricted net assets	4,635,848	7,725,457	82,141			41				6,152,183		8,269,310	1,577		26,866,557
Unrestricted net assets	4,661,499	1,273,911		79,700	33,077				173,209	5,977,842		49,885,653	780,288		62,865,179
Total net assets	29,835,831	10,269,246	82,141	79,700	33,077	3,390,692	9,058,232	-	173,209	30,793,251	-	67,874,323	781,865	-	152,371,567
TOTAL	$ 31,425,314	$ 11,391,862	$ 82,141	$ 86,324	$ 316,046	$ 3,881,641	$ 9,202,805	$ -	$ 188,726	$ 36,774,712	$ -	$ 68,657,859	$ 9,273,258	$ (135,610)	$ 171,145,078

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Low Rent 14.850	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	Capital Stimulus 14.884	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
REVENUES:															
Net tenant rental revenues	$ 2,190,589	$ -	$-	$ -	$ -	$ -	$ -	$ -	$ -	$2,251,363	$ -	$ -	$ -	$ -	$ 4,441,952
HUD, PHA operating grants	13,380,076	83,128,839		367,221	351,520	1,755,876			2,970,675				540,601,825		642,556,032
Capital grants						2,982,265	8,046,489								11,028,754
Total fee revenue												6,516,642		(6,170,238)	346,404
Other government grants															
Interest income — unrestricted	12,533	17,039		174	64				197	77,184		104,013			211,204
Other revenue	198,860	150,434								1,299,804		1,090,553			2,739,651
Fraud recovery		276,692													276,692
Gain or loss on the sale of fixed assets	400,827														400,827
Interest income — restricted	71,217	15,630	158		670					9,699		102,123			199,497
Total revenues	16,254,102	83,588,634	158	367,395	352,254	4,738,141	8,046,489	-	2,970,872	3,638,050	-	7,813,331	540,601,825	(6,170,238)	662,201,013
EXPENSES:															
Administrative:															
Administrative salaries	926,946	2,578,888							105,591	438,664		3,317,005	78,034		7,445,128
Auditing fees	37,755	119,500							5,796	13,879		12,138	19,517		208,585
Outside management fees	1,689,675	2,750,787		16,370	13,797	615,347			128,251	259,820			20,337,082	(5,381,500)	20,429,629
Employee benefit contributions — administrative	267,607	759,550							34,854	133,399		866,850	19,881		2,082,141
Other administrative expenses	611,088	877,661		49					21,687	198,105		720,115	236,223		2,664,928
Total administrative expenses	3,533,071	7,086,386	-	16,419	13,797	615,347	-	-	296,179	1,043,867	-	4,916,108	20,690,737	(5,381,500)	32,830,411
Total asset management fee	182,190	-	-	-	-	-	-	-	-	9,000	-	-	-	(191,190)	-
Tenant services:															
Tenant services — salaries						50,282									50,282
Relocation costs						497,867									497,867
Employee benefit contributions — tenant services						16,424									16,424
Tenant services — other	48,147									416		5,350			53,913
Total tenant services	48,147	-	-	-	-	564,573	-	-	-	416	-	5,350	-	-	618,486

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	Capital Stimulus 14.884	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
Utilities:															
Water	$1,106,218	$ 1,130	$ -	$ -	$ -	$ -	$ -	$ -	$ 52	$ 55,333	$ -	$ 8,683	$ -	$ -	$ 1,171,416
Electricity	600,273	9,827							346	125,860		147,085			883,391
Gas	307,509	1,427							19	57,140		4,617			370,712
Total utilities	2,014,000	12,384	-	-	-	-	-	-	417	238,333	-	160,385	-	-	2,425,519
Ordinary maintenance and operations:															
Labor	1,273,567									116,031		379,451			1,769,049
Materials and other	651,276	79,877							15	62,711		107,710			901,589
Contract costs	1,821,256	65,282							204	408,130		278,444		(597,548)	1,975,768
Employee benefit contributions — maintenance and operations	367,144									31,488		99,164			497,796
Total ordinary maintenance and operations	4,113,243	145,159	-	-	-	-	-	-	219	618,360	-	864,769	-	(597,548)	5,144,202
Protective services:															
Protective services — labor	325					283,515				14,357					298,197
Protective services — other contract costs						93,925				1,749					95,674
Protective services — other															
Employee benefit contributions — protective services	118					88,166				4,483					92,767
Total protective services	443	-	-	-	-	465,606	-	-	-	20,589	-	-	-	-	486,638
General expenses:															
Insurance premiums	400,938	191,595				10,349			5,416	93,661		207,764	68,671		978,394
Other general expenses	1,934,120	75,345			928					200					2,010,593
Payments in lieu of taxes and other real estate tax expense	47,154									342,529					389,683
Bad debt — tenant rents	143,855									2,542					146,397
Bad debt — other												(1,750)			(1,750)
Interest expense	58,962									262,274		9,869			331,105
Severance expense	3,723	321										18,257			22,301
Total general expenses	2,588,752	267,261	-	-	928	10,349	-	-	5,416	701,206	-	234,140	68,671	-	3,876,723

(Continued)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

CONSOLIDATING STATEMENT OF REVENUES AND EXPENSES INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 2010

	Low Rent 14.85	Section 8 Housing Choice Vouchers 14.871	DHAP 97.109	Main Stream 14.181	Section 8 Veterans 14. VASH	Capital Grant 14.872	Capital Stimulus 14.884	HOPE VI 14.866	Shelter Care Plus 14.238	Other Business Ventures	Section 8 NC S/R 14.182	Central Office	AHSC 14.195	Eliminations	Total
Other expenses:															
Nonroutine maintenance	$ -	$ -	$-	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Housing assistance payments		74,598,547		316,120	317,107				2,649,699				519,846,609		597,728,082
Depreciation expense	4,845,901	100,255								1,184,277		669,914			6,800,347
Total other expenses	4,845,901	74,698,802	-	316,120	317,107	-	-	-	2,649,699	1,184,277	-	669,914	519,846,609	-	604,528,429
Total expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
OTHER FINANCING SOURCES (USES):															
Operating transfers in	100,000														100,000
Operating transfers out						(100,000)									(100,000)
Extraordinary items															-
Total other financing uses	100,000	-	-	-	-	(100,000)	-	-	-	-	-	-	-	-	-
EXCESS (DEFICIENCY) OF TOTAL REVENUES OVER (UNDER) TOTAL EXPENSES	$ (971,645)	$ 1,378,642	$158	$ 34,856	$ 20,422	$2,982,266	$8,046,489	$ -	$ 18,942	$ (177,998)	$ -	$962,665	$ (4,192)	$ -	$ 12,290,605

(Concluded)

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2010

Federal Grantor/Pass-Through Grantor/Program Title	Catalog of Federal Domestic Assistance Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT:		
Direct programs:		
Low-rent public housing — PHA-owned and leased	14.850	$ 13,380,076
Public Housing Capital Fund Program	14.872	4,738,141
Subtotal — public housing		18,118,217
Direct programs:		
Section 8 Housing Assistance Payment Program:		
Housing choice vouchers	14.871	83,128,839
Shelter Care Plus	14.238	2,970,675
Special allocations	14.195	540,601,825
Supportive housing for persons with disabilities	14.181	367,221
Veterans	14.VASH	351,520
Subtotal — direct programs		627,420,080
ARRA — Capital Stimulus	14.885	8,046,489
TOTAL EXPENDITURES OF FEDERAL AWARDS		$ 653,584,786

See notes to schedule of expenditures of federal awards.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2010

1. BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards has been prepared using the accrual basis of accounting in accordance with the format as set forth in *Government Auditing Standards*, issued by the Comptroller General of the United States of America, and U.S. Office of Management and Budget Circular No. A-133, *Audits of States, Local Governments, and Non-Profit Organizations*.

2. PROGRAM STATUS

The Authority receives assistance in the form of a HOPE VI grant and other grant monies from the U.S. Department of Housing and Urban Development (HUD) to be used in conjunction with the revitalization activities of federally built, low-rent housing units.

The Authority receives assistance in the form of an operating subsidy from HUD (CFDA No. 14.850) to be used for the purpose of maintaining the low-rent character of the local housing program. The monies are being received under one program number. During 2010, the receipts of $996,657, $305,644, $288,171, $112,057, and $231,591 were considered federal pass-through awards to Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Waggoner Senior Housing Limited Partnership, and Worley Terrace, LLC, respectively (related entities of the Authority).

The Authority also has a Guaranty and Supplemental Funding Agreement with Gender Road Limited Partnership (the "Partnership") that it will provide nonfederal funds for debt service payments if the Partnership has insufficient cash flow. During 2010, the Authority provided $25,000 to the Partnership for this purpose.

3. SECTION 8 HOUSING CLUSTER

CFDA 14.195, Section 8 Housing Assistance Payment Program — Special Allocations, is not considered part of the Section 8 Housing Cluster, since this is an administrative services contract in which the Authority monitors Section 8 funding for compliance at a variety of housing authorities and is not responsible for direct administration and distribution of Section 8 funding to individuals applying to the authorities for housing assistance.

* * * * * *

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–P–001–501–07 THROUGH DECEMBER 31, 2010

1. The actual modernization costs of the project are as follows:

Classification	**Project OH16–P–001–501–07**
Operations	$ 121,963
Management improvements — soft costs	546,561
Administration	525,423
Fees and costs	384,137
Site improvements	187,856
Dwelling structures	2,885,102
Demolition	153,816
Relocation costs	449,381
Total costs	$ 5,254,239

2. The distribution of costs by major cost accounts as shown on the Final Budget Summary dated March 9, 2010, for Project OH16–P–001–501–07, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–P–001–501–07 totaled $5,254,239.

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF ACTUAL MODERNIZATION COSTS INCURRED ON PROJECT OH16–P–001–501–08 THROUGH DECEMBER 31, 2010

1. The actual modernization costs of the project are as follows:

Classification	Project OH16–P–001–501–08
Operations	$ 100,000
Management improvements — soft costs	569,294
Administration	512,789
Fees and costs	27,099
Site improvements	184,600
Dwelling structures	3,441,485
Relocation Costs	272,624
Contingency	20,000
Total costs	$ 5,127,891

2. The distribution of costs by major cost accounts as shown on the Final Budget Summary dated February 24, 2011, for Project OH16–P–001–501–08, as submitted to HUD for approval, is in agreement with the Authority's records.

3. Funds advanced for Project OH16–P–001–501–08 totaled $5,1276,891.

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

To the Board of Commissioners of
the Columbus Metropolitan Housing Authority:

We have audited the consolidated financial statements of the Columbus Metropolitan Housing Authority (the "Authority") as of and for the year ended December 31, 2010, and have issued our report thereon dated May 16, 2011, which included a reference to other auditors who audited the financial statements of Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, LLC, discretely presented component units of the Authority and The Homes At Second Avenue, LLC, a blended component unit. 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 of America. Other auditors audited the financial statements of Rosewind Limited Partnership, Gender Road Limited Partnership, Jenkins Terrace, LLC, Worley Terrace, LLC, and Elim Manor Elderly Housing, LLC, discretely presented component units of the Authority and The Homes at Second Avenue, LLC, a blended component unit, as described in our report on the Authority's consolidated financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in the internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management, the Board of Commissioners, the U.S. Department of Housing and Urban Development, 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.

Deloitte + Touche LLP

May 16, 2011

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INDEPENDENT AUDITORS' REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

To the Board of Commissioners of
the Columbus Metropolitan Housing Authority:

Compliance

We have audited Columbus Metropolitan Housing Authority's (the "Authority") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 *Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended December 31, 2010. The Authority's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2010. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133, and which are described in the accompanying schedule of findings and questioned costs as Items 10-01 and 10-02.

Internal Control over Compliance

The management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

The Authority's responses to the findings identified in our audit are described in the accompanying schedule of findings and questioned costs. We did not audit the Authority's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the Board of Commissioners, the U.S. Department of Housing and Urban Development, and the Auditor of State of Ohio, and is not intended to be, and should not be, used by anyone other than these specified parties.

Deloitte + Touche LLP

May 16, 2011

COLUMBUS METROPOLITAN HOUSING AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED DECEMBER 31, 2010

PART I — SUMMARY OF AUDITORS' RESULTS

Financial Statements:

Type of auditors' report issued: Unqualified

Internal control over financial reporting:

1. Material weakness(es) identified?		Yes	X	No
2. Significant deficiency(ies) identified?		Yes	X	None reported
3. Noncompliance material to consolidated financial statements noted?		Yes	X	No

Federal Awards:

Internal control over major programs:

4. Material weakness(es) identified?		Yes	X	No
5. Significant deficiency(ies) identified?		Yes	X	None reported

Type of auditors' report issued on compliance for major programs: Unqualified

6. Any audit findings disclosed that are required to be reported in accordance with Section 510(a) of OMB Circular No. A-133		Yes	X	No

7. The Authority's major programs were:

Name of Federal Program or Cluster	CFDA Number
Section 8 Housing Assistance Payment Program — Special Allocations	14.195
Low-rent public housing — PHA-owned and leased	14.850
ARRA — Capital Stimulus Program	14.885

8. Dollar threshold used to distinguish between Type A and Type B programs? $3,000,000

9. Auditee qualified as low-risk auditee:		Yes	X	No

(Continued)

PART II — FINANCIAL STATEMENT FINDINGS SECTION

No matters were reportable.

PART III — FEDERAL AWARDS FINDINGS SECTION

10-01 Reporting: Annual Progress Reports Submissions

Grantor — U.S. Department of Housing and Urban Development

CFDA Number — 14.238, Shelter Care Plus Program, funding year 2010

Criteria — Public Housing Agency (PHA) must submit HUD-40118, Annual Progress Report (OMB No. 2506-0145) on an annual basis. This report is due from each grantee (and separately for each component funded) within 90 days after the end of its operating year.

Finding — One of the nine required reports were submitted to HUD after the 90 day reporting requirement.

Effect — Annual Progress Reports are not being submitted to HUD within 90 days after the end of its operating year.

Questioned Cost — N/A

Recommendation — The Authority should enforce a strict deadline with the sponsoring organizations to ensure the Authority can submit the Annual Progress Reports by the 90 day deadline.

Views of Responsible Officials — Starting January 2011, the Shelter Care Plus providers are required to submit annual reports to HUD through an internet-based system. Management will able to review the reports and will strictly enforce the reporting requirements with the sponsoring organizations to ensure the reports are submitted to HUD by the required due dates.

10-02 Tenant Participation Funds

Grantor — U.S. Department of Housing and Urban Development

CFDA Number — 14.850, Low-rent public housing — PHA-owned and leased, funding year 2010

Criteria — When tenant participation funds are provided to a Public Housing Authority (PHA), the PHA must provide those funds to duly elected resident councils. Funding provided by a PHA to a duly elected resident council may be made only under a written agreement between the PHA and the resident council that includes a resident council budget. PHAs are permitted to fund $25 per unit per year for units represented by duly elected resident councils for resident services. Of this $25, $15 per unit per year is provided to fund tenant participation activities. The agreement must require the local resident council to account to the PHA for the use of the funds and permit the PHA to inspect and audit the resident council’s financial records related to the agreement (24 CFR section 964.150).

Finding — 10 of the 40 tenant expenses contained errors:

- Five were missing appropriate supporting documentation.
- Two were typographical errors in the reconciliation process.
- Two amounts were reimbursed at higher amounts than the receipts, with the excess cash places in a petty cash fund.
- One item was not included in the reconciliation.

In addition, the tenants have created a petty cash fund; however, there is no tracking or reconciliation of the cash included in this fund.

Effect — A lack of proper tracking or review of these expenditures could lead to the improper use of federal funds.

Questioned Cost — N/A

Recommendation — The Authority should develop and enforce monthly reconciliation procedures that requires the submission of all receipts. The Authority should also develop monitoring procedures for any petty cash disbursements or prohibit the use of petty cash.

Views of Responsible Officials — Management has advised the resident councils that the Authority's accounting staff will audit the resident council's financial records on a quarterly basis. The Authority has also advised the resident councils to discontinue the use of a petty cash fund.

PART IV — SUMMARY OF PRIOR AUDIT FINDINGS

Number	Finding	Status	Contact
09-01	Special Tests and Provisions Compliance Requirement — Waiting List	Corrected	Charles Hillman, Executive Director
09-02	Reporting: Annual Progress Reports Submissions	Repeated as finding 10-01	Charles Hillman, Executive Director

(Concluded)

Dave Yost • Auditor of State

COLUMBUS METROPOLITAN HOUSING AUTHORITY

FRANKLIN 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
JULY 14, 2011