

**FRIENDS OF GOOD SHEPHERD MANOR  
HOUSING ORGANIZATION, INC.  
PROJECT NO. 043-HH008-NP-WDD**

**FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
WITH INDEPENDENT AUDITOR'S  
REPORTS AND MORTGAGOR'S  
AND MANAGEMENT AGENT'S CERTIFICATIONS**

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## INDEPENDENT AUDITOR'S REPORT

Board of Directors  
Friends of Good Shepherd Manor Housing Organization, Inc.  
Piketon, Ohio

### Report on the Financial Statements

We have audited the accompanying financial statements of Friends of Good Shepherd Manor Housing Organization, Inc. (an Ohio not-for-profit corporation), Project No. 043-HH008-NP-WDD, which consist of the statements of financial position as of December 31, 2015 and 2014 and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

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

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

## **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Friends of Good Shepherd Manor Housing Organization, Inc., as of December 31, 2015 and 2014, and the change in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matter**

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying supplementary information shown on pages 14 to 19 are presented for purposes of additional analysis as required by the *Consolidated Audit Guide for Audits of HUD Programs* issued by the U.S. Department of Housing and Urban Development, Office of the Inspector General, and is not a required part of the financial statements.

The accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the financial statements as a whole.

### **Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated March 17, 2016, on our consideration of the Friends of Good Shepherd Manor Housing Organization, Inc.'s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Friends of Good Shepherd Manor Housing Organization, Inc.'s internal control over financial reporting and compliance.

*Gilmore Jasion Mahler, LTD*

Maumee, Ohio  
March 17, 2016

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**STATEMENTS OF FINANCIAL POSITION**  
**December 31, 2015 and 2014**

	<b>ASSETS</b>	<u>2015</u>	<u>2014</u>
<b>Current assets</b>			
Cash		\$ 7,191	\$ 7,754
Housing assistance receivable		1,894	1,770
	Total current assets	<u>9,085</u>	<u>9,524</u>
<b>Deposits held in trust</b>			
Tenant security deposits		3,898	3,897
<b>Restricted deposits and funded reserves</b>			
Reserve for replacements		32,763	26,157
Residual receipts reserve		3,751	7,721
	Total restricted deposits and funded reserves	<u>36,514</u>	<u>33,878</u>
<b>Property and equipment</b>			
Land		69,527	69,527
Building and building improvements		636,340	636,340
Office furniture and equipment		10,269	10,269
	Total property and equipment	<u>716,136</u>	<u>716,136</u>
Less accumulated depreciation		332,910	313,415
	Net property and equipment	<u>383,226</u>	<u>402,721</u>
	Total assets	<u>\$ 432,723</u>	<u>\$ 450,020</u>
	<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>			
Accounts payable operations	Financial expense	\$ 9,557	\$ 7,987
Prepaid rents		1,894	1,770
	Total current liabilities	<u>11,451</u>	<u>9,757</u>
<b>Deposit liabilities</b>			
Tenant security deposits		3,898	3,897
<b>Long-term liabilities</b>			
Accounts payable - affiliate		65,000	65,000
	Total liabilities	<u>80,349</u>	<u>78,654</u>
<b>Net assets</b>			
Unrestricted		(316,426)	(297,434)
Temporarily restricted		668,800	668,800
	Total net assets	<u>352,374</u>	<u>371,366</u>
	Temporarily restricted		
	Total liabilities and net assets	<u>\$ 432,723</u>	<u>\$ 450,020</u>

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

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**STATEMENTS OF ACTIVITIES**  
**For The Years Ended December 31, 2015 and 2014**

	<b>2015</b>		
	<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
<b>Support and revenues</b>			
Tenant assistance	\$ 22,371	\$ 0	\$ 22,371
Rental income, less vacancy loss of \$5,520 in 2015 and \$5,520 in 2014	54,909		54,909
Interest income	7		7
Total support and revenues	77,287	0	77,287
<b>Expenses</b>			
Management fees	8,126		8,126
Office expenses	8,642		8,642
Professional fees	7,800		7,800
Utilities	15,948		15,948
Operating and maintenance	27,797		27,797
Taxes and insurance	4,365		4,365
Other administrative expenses	4,106		4,106
Depreciation	19,495		19,495
Total expenses	96,279		96,279
Change in net assets	(18,992)	0	(18,992)
Net assets at beginning of year, as restated	(297,434)	668,800	371,366
Net assets at end of year	\$ (316,426)	\$ 668,800	\$ 352,374

<b>2014</b>		
<b>Unrestricted</b>	<b>Temporarily Restricted</b>	<b>Total</b>
52,989		52,989
0		0
6		6
<u>79,316</u>	<u>0</u>	<u>79,316</u>
8,110		8,110
8,961		8,961
7,625		7,625
16,079		16,079
16,109		16,109
4,366		4,366
242		242
<u>19,641</u>		<u>19,641</u>
<u>81,133</u>		<u>81,133</u>
(1,817)	0	(1,817)
<u>(295,617)</u>	<u>668,800</u>	<u>373,183</u>
<u>\$ (297,434)</u>	<u>\$ 668,800</u>	<u>\$ 371,366</u>

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

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**STATEMENTS OF CASH FLOWS**  
**For The Years Ended December 31, 2015 and 2014**

	<u>2015</u>	<u>2014</u>
<b>Cash flows from operating activities</b>		
Rental receipts	\$ 77,280	\$ 79,310
Interest receipts	7	6
Administrative	(20,548)	(16,828)
Management fee	(8,126)	(8,110)
Utilities	(15,948)	(16,079)
Operating and maintenance	(26,227)	(19,644)
Taxes and insurance	(4,365)	(4,366)
Net cash provided by operating activities	<u>2,073</u>	<u>14,289</u>
<b>Cash flows from investing activities</b>		
Change in residual receipts reserve	3,970	(2)
Change in reserve for replacements	(6,606)	(6,604)
Payments for property and equipment	0	(2,500)
Net cash used in investing activities	<u>(2,636)</u>	<u>(9,106)</u>
Net increase (decrease) in cash	(563)	5,183
<b>Cash</b>		
Cash at beginning of year	7,754	2,571
Cash at end of year	<u>\$ 7,191</u>	<u>\$ 7,754</u>
<b>Reconciliation of change in net assets to net cash provided by operating activities:</b>		
Change in net assets	\$ (18,992)	\$ (1,817)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities:		
Depreciation	19,495	19,641
Cash restricted for tenant security deposits	(1)	(1)
Housing assistance receivable	(124)	172
Accounts payable operations	1,570	(3,535)
Tenant security deposits	1	1
Prepaid rents	124	(172)
Net cash provided by operating activities	<u>\$ 2,073</u>	<u>\$ 14,289</u>

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

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2015 and 2014**

**Note 1–Nature of business**

Friends of Good Shepherd Manor Housing Organization, Inc. (Manor) was organized to provide living facilities for residents with physical and mental disabilities. Manor is a separate legal entity located in Pike County, Ohio. The project is sponsored by The Community Action Committee of Pike County, which is a nonprofit private corporation. The management agent for Manor is Preferred Properties, Inc., which is a nonprofit private corporation.

The operations of Manor are regulated by the Federal Housing Administration (FHA) of the U.S. Department of Housing and Urban Development (HUD) under Section 811 of the National Housing Act, as amended (Regulatory Agreement). Manor is required to comply with the terms of the Regulatory Agreement.

**Note 2–Summary of significant accounting and reporting policies**

**Basis of accounting**

The financial statements of Manor have been prepared on the accrual basis of accounting. The accrual basis of accounting provides for the recognition of revenues when earned and the recognition of expenses when incurred.

**Financial statement presentation**

The accompanying financial statement presentation follows the recommendations of the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic related to Financial Statements of Not-for-Profit Organizations. Under the FASB ASC Topic related to Financial Statements of Not-for-Profit Organizations, Manor is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. Management is of the opinion that there were no permanently restricted net assets at December 31, 2015 and 2014.

**Temporarily restricted net assets**

Temporarily restricted net assets consist of a capital advance from HUD. The capital advance does not bear interest and need not be repaid as long as the housing remains available to very low-income-eligible persons, as approved by HUD, for no less than 40 years. Failure to comply with HUD requirements would result in HUD billing the owner for the entire capital advance outstanding plus interest since the date of the first advance. Management believes the likelihood of required repayment is remote.

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2015 and 2014**

**Note 2–Summary of significant accounting and reporting policies–continued**

**Use of estimates**

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

**Cash and cash equivalents**

For the purpose of the statement of cash flows, all unrestricted investments with original maturities of three months or less are cash equivalents. Manor had no cash equivalents at December 31, 2015 and 2014.

**Accounts receivable**

Tenant accounts receivable consists of rent due from tenants. The January 2016 and January 2015 housing assistance payments due from HUD are classified as housing assistance receivable. Accounts receivable are considered fully collectible at December 31, 2015 and 2014. Accordingly, no allowance for uncollectible accounts is required.

**Property and equipment**

The cost of the building and equipment is depreciated over their estimated useful lives (ranging from 5 to 40 years), using the straight-line method. The Manor has a capitalization policy for expenditures over \$1,000.

Manor 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 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. Management believes there were no impairment losses in 2015 or 2014.

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2015 and 2014**

**Note 2—Summary of significant accounting and reporting policies—continued**

**Income taxes**

Manor is exempt from Federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

Management of Manor is required to determine whether a tax position of Friends of Good Shepherd Manor Housing Organization, Inc. is more likely than not to be sustained upon examination by the applicable taxing authority, including resolution of any related appeals or litigation processes, based on the technical merits of the position. Management is not aware of any tax positions for which it is reasonably possible that the total amounts of unrecognized tax benefits will significantly change in the next twelve months. However, management's conclusions may be subject to review and adjustment at a later date based on factors including, but not limited to, new tax laws, regulations, and administrative interpretations (including relevant court decisions). Manor's federal tax returns for the prior three fiscal years remain subject to examination by the Internal Revenue Service.

**Subsequent events**

Manor has evaluated all events subsequent to the statement of financial position date of December 31, 2015, through March 17, 2016, which is the date these financial statements were ready to be issued, and has determined that there are no subsequent events that require disclosure.

**Note 3—Rental revenue**

Manor consists of 3 buildings with 5 one bedroom units of housing for persons with disabilities, which receives monthly rentals as approved by HUD. The tenants are charged rental amounts based on a percentage of their income, and HUD subsidizes the remainder. HUD approved rentals per unit are \$460 for the period of January 1, 2014 through December 31, 2015. The rent subsidy contract with HUD renews December 31, 2016.

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**NOTES TO FINANCIAL STATEMENTS – CONTINUED**  
**December 31, 2015 and 2014**

**Note 4–Cash reserves**

HUD requires that Manor fund the following reserves:

**Residual receipts reserve**

Project funds in excess of funds needed for their intended purpose must be deposited with the mortgagee within 90 days after year-end. Withdrawals from this account can be made only with approval of HUD and only for project purposes. Funding of the residual receipts reserve was not required at December 31, 2015 and 2014 as no surplus cash existed. HUD-approved withdrawals in 2015 and 2014 amounted to \$0. HUD recaptured \$3,971 and \$0 for the residual receipts reserve in 2015 and 2014, respectively.

**Replacement reserve**

The Capital Advance Program Regulatory Agreement requires that the mortgagor make monthly deposits to the replacement reserve account. Monthly funding payments of \$550 for the period of January 1, 2014 through December 31, 2015 to this reserve are required. The funds are to be used for replacement of property with the approval of HUD. At December 31, 2015 and 2014, the replacement reserve balance was \$32,763 and \$26,157, respectively. HUD-approved withdrawals in 2015 and 2014 amounted to \$0.

**Note 5–Current vulnerability due to certain concentrations**

Manor's operations are concentrated in the multifamily real estate market. In addition, Manor operates in a heavily regulated environment. The operations of Manor are subject to the administrative directives, rules, and regulations of federal, state, and local regulatory agencies, including, but not limited to, HUD. Such administrative directives, rules, and regulations are subject to change by an Act of Congress or an administrative change mandated by HUD. 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.

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

**INDEPENDENT AUDITOR'S REPORT**

Board of Directors  
Friends of Good Shepherd Manor Housing Organization, Inc.  
Piketon, Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Friends of Good Shepherd Manor Housing Organization, Inc., which consist of the statement of financial position as of December 31, 2015, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated March 17, 2016.

**Internal Control over Financial Reporting**

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### **Compliance and Other Matters**

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

### **Purpose of this Report**

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

*Gilmore Jasion Mahler, LTD*

Maumee, Ohio  
March 17, 2016

**HUD SUPPLEMENTARY INFORMATION**

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**BALANCE SHEET**  
**December 31, 2015**

**ASSETS**

**Current assets**

1120	Cash—operations	\$	7,191
1135	Housing assistance receivable		1,894
	Total current assets		9,085

**Deposits held in trust**

1191	Tenant security deposits		3,898
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**Restricted deposits and funded reserves**

1320	Reserve for replacements		32,763
1340	Residual receipts reserve		3,751
	Total restricted deposits and funded reserves		36,514

**Property and equipment**

1410	Land		69,527
1420	Building and building improvements		636,340
1440	Office furniture and equipment		10,269
	Total property and equipment		716,136
1495	Less accumulated depreciation		332,910
	Net property and equipment		383,226

Total assets \$ 432,723

**LIABILITIES AND NET ASSETS**

**Current liabilities**

2110	Accounts payable	\$	9,557
2130	Accounts payable to affiliate		65,000
2210	Prepaid revenues		1,894
	Total current liabilities		76,451

**Deposit liabilities**

2191	Tenant security deposits		3,898
	Total liabilities		80,349

**Net assets**

3131	Unrestricted		(316,426)
3132	Temporarily restricted		668,800
	Total net assets		352,374

Total liabilities and net assets \$ 432,723

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**STATEMENT OF PROFIT AND LOSS**  
**For The Year Ended December 31, 2015**

**Rent revenue**

5120	Rent revenue–gross potential		\$ 60,429
5121	Tenant assistance payments		22,371
		Total rent revenue	82,800
5220	Vacancies–apartments		5,520
		Total vacancies	5,520
		Net rent revenue	77,280

**Financial revenue**

5440	Revenue from investments–replacement reserve		6
5490	Revenue from investments–miscellaneous		1
		Total financial revenue	7
		Total revenue	77,287

**Administrative expenses**

6203	Conventions and meetings		125
6210	Advertising and marketing		10
6310	Office salaries		5,220
6311	Office expenses		3,422
6320	Management fees		8,126
6350	Auditing expenses		6,300
6351	Bookkeeping		1,500
6890	Financial expense		3,971
		Total administrative expenses	28,674

**Utilities expenses**

6450	Electricity		8,101
6451	Water		5,222
6452	Gas		2,625
		Total utilities expenses	15,948

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**STATEMENT OF PROFIT AND LOSS-CONTINUED**  
**For The Year Ended December 31, 2015**

**Operating and maintenance expenses**

6510	Payroll	7,764
6515	Supplies	1,373
6520	Contracts	13,742
6525	Garbage and trash removal	574
6546	Heating/cooling repairs and maintenance	1,200
6548	Snow removal	3,144
	Total operating and maintenance expenses	27,797

**Taxes and insurance**

6720	Property and liability insurance	3,410
6790	Miscellaneous taxes, licenses, permits and insurance	955
	Total taxes and insurance	4,365

	Total cost of operations before depreciation	76,784
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	Income before depreciation	503
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6600	Depreciation	19,495
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	Net loss	\$ (18,992)
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**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**COMPUTATION OF SURPLUS CASH**  
**December 31, 2015**

**Current cash**

S1300-010	Cash (accounts 1120 and 1191)	\$	11,089
1135	Accounts receivable–HUD		1,894
S1300-040			<u>12,983</u>
	Total current cash		

**Current obligations**

S1300-075	Accounts payable–operations		9,557
2123	Accrued management fee payable		0
2191	Tenant security deposits		3,898
2210	Prepaid revenues		<u>1,894</u>
S1300-140		Total current obligations	<u>15,349</u>
S1300-150		Cash deficiency	<u>\$ (2,366)</u>
S1300-210		Deposit due residual receipts	<u>\$ 0</u>

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**SCHEDULE OF CHANGES IN FIXED ASSETS**  
**For The Year Ended December 31, 2015**

		<b>Property and Equipment</b>				
		<b>Balance 12/31/2014</b>	<b>Additions</b>	<b>Retirements</b>	<b>Balance 12/31/2015</b>	
1410	Land	\$ 69,527	\$ 0	\$ 0	\$ 69,527	
1420	Building	636,340			636,340	
1440	Building equipment - portable	10,269			10,269	
1470	Maintenance equipment	0			0	
		<b>\$ 716,136</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 716,136</b>	
<b>Accumulated Depreciation</b>						
		<b>Balance 12/31/2014</b>	<b>Current Provisions</b>	<b>Retirements</b>	<b>Balance 12/31/2015</b>	<b>Net Book Value 12/31/2015</b>
	Land	\$ 0	\$ 0	\$ 0	\$ 0	\$ 69,527
1495	Accumulated depreciation	313,415	19,495		332,910	313,699
		<b>\$ 313,415</b>	<b>\$ 19,495</b>	<b>\$ 0</b>	<b>\$ 332,910</b>	<b>\$ 383,226</b>

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**OTHER SUPPLEMENTARY INFORMATION**  
**For The Year Ended December 31, 2015**

**Replacement reserve**

In accordance with the provisions of the Regulatory Agreement, restricted cash is to be used for the replacement of property, with the approval of HUD, as follows:

Beginning balance, January 1, 2015	\$ 26,157
Monthly deposits (\$550 x 12)	6,600
Interest earned	6
Authorized withdrawals	0
Ending balance, December 31, 2015	<u>\$ 32,763</u>

**Residual receipts**

In accordance with the provisions of the Regulatory Agreement, restricted cash is to be used for the purposes determined to be necessary or appropriate by HUD.

Beginning balance, January 1, 2015	\$ 7,721
Additions	0
Interest earned	1
Authorized withdrawals	(3,971)
Ending balance, December 31, 2015	<u>\$ 3,751</u>

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.  
PROJECT NO. 043-HH008-NP-WDD  
MORTGAGOR'S CERTIFICATION**

We hereby certify that we have examined the accompanying financial statements and supplementary information of Friends of Good Shepherd Manor Housing Organization, Inc. and, to the best of our knowledge and belief, the same is complete and accurate.

By: Signature on file  
Gary Roberts  
Board President

By: Signature of file  
Rebecca Adkins  
Coordinator

Federal Employer Identification  
Number 31-1315438

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.  
PROJECT NO. 043-HH008-NP-WDD  
MANAGEMENT AGENT'S CERTIFICATION**

We hereby certify that we have examined the accompanying financial statements and supplementary information of Friends of Good Shepherd Manor Housing Organization, Inc. and, to the best of our knowledge and belief, the same is complete and accurate.

By: Signature on File  
Yvonda A. Bean  
Executive Director  
Preferred Properties, Inc.

By: Signature on File  
Beverly A. Zadiraka  
Finance Manager  
Preferred Properties, Inc.

Federal Employer Identification  
Number 34-1715222

**FRIENDS OF GOOD SHEPHERD MANOR HOUSING ORGANIZATION, INC.**  
**PROJECT NO. 043-HH008-NP-WDD**  
**GENERAL INFORMATION**  
**For the Year Ended December 31, 2015**

Gilmore Jason Mahler, LTD  
1715 Indian Wood Circle, Suite 100  
Maumee, OH 43537

Engagement Partner: Robert A. Bobek  
Telephone Number: (419) 794-2000  
Federal Employer I.D. Number: 34-1827159

The audit was performed between December 16, 2015 and February 19, 2016.

Records for the accounting and administration of the Federal Financial Assistance programs, and administration of the mortgagor and the management agent are located at 5555 Airport Highway, Suite 220, Toledo, OH 43615, telephone number (419) 244-9609.