

**OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)**

*CONSOLIDATED FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT INCLUDING
SUPPLEMENTAL INFORMATION*



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(A Nonprofit Organization)
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INDEPENDENT AUDITORS' REPORT

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio

We have audited the accompanying consolidated statements of financial position of Over-The-Rhine Community Housing, a nonprofit organization, as of December 31, 2010 and 2009, and the related consolidated statements of activities, cash flows, and functional expenses for the years then ended. These consolidated financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these consolidated financial statements based upon our audits.

We conducted our audits in accordance with U.S. generally accepted auditing standards 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 consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Over-The-Rhine Community Housing as of December 31, 2010 and 2009 and the changes in its net assets and cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 23, 2011 on our consideration of the Organization'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 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 audits.

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio
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Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The accompanying supplemental information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Nonprofit Organizations*, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with U.S. generally accepted auditing standards. In our opinion, the information is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

VonLehman & Company Inc.

Cincinnati, Ohio
September 23, 2011

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

ASSETS

	December 31,	
	2010	2009
Current Assets		
Cash	\$ 370,590	\$ 103,476
Tenant Receivable	13,961	9,961
Accounts Receivable - Grants	909,590	26,658
Accounts and Notes Receivable - Related Party	-	17,011
Accounts Receivable - Other	66,834	62,917
Prepaid Expenses	51,522	35,550
	<u>1,412,497</u>	<u>255,573</u>
Deposits Held in Trust - Funded		
Development Funds	63,008	13,692
Impact 100	48,820	58,398
Operating Reserve - Carl Apartments	163,884	-
	<u>275,712</u>	<u>72,090</u>
Property and Equipment		
Land and Land Improvements	524,916	469,587
Building and Vacant Buildings	11,302,251	6,419,421
Equipment	24,678	24,678
Motor Vehicles	28,656	28,656
Renovation in Progress	-	36,242
	<u>11,880,501</u>	<u>6,978,584</u>
Less Accumulated Depreciation	3,799,482	3,513,905
	<u>8,081,019</u>	<u>3,464,679</u>
Long-Term Assets		
Loans Receivable - Affordable Housing Partnerships	6,003,403	7,812,001
Accrued Interest on Loans - Affordable Housing Partnerships	1,503,654	1,728,758
Investment in Limited Partnerships	472,159	472,159
Deposits	1,000	1,000
	<u>7,980,216</u>	<u>10,013,918</u>
Total Long-Term Assets	<u>7,980,216</u>	<u>10,013,918</u>
Total Assets	<u>\$ 17,749,444</u>	<u>\$ 13,806,260</u>

See accompanying notes.

LIABILITIES AND NET ASSETS

	December 31,	
	2010	2009
Current Liabilities		
Line of Credit	\$ 100,000	\$ 75,000
Current Portion - Notes and Mortgages Payable	472,285	17,812
Notes Payable - Government Grants	4,500	4,500
Accounts Payable	548,367	53,216
Accrued Wages and Payroll Taxes Payable	8,350	4,837
Accrued Employee Benefit	24,123	18,324
Accrued Property Taxes	114,218	70,762
Deferred Grant Revenue	90,570	58,200
	1,362,413	302,651
Long-Term Debt		
Notes Payable	599,215	130,000
Mortgages Payable	746,464	517,898
	1,345,679	647,898
Less Current Portion	472,285	17,812
Total Long-Term Debt	873,394	630,086
Other Liabilities		
Tenant Security Deposits Held in Trust	32,297	21,703
Notes Payable - Government Grants		
Local Initiatives Support Corporation	45,000	45,000
Tax Credit Related Parties	6,350,769	7,841,084
City of Cincinnati	1,961,178	763,374
Accrued Interest Payable	840,739	764,736
	9,229,983	9,435,897
Total Other Liabilities	9,229,983	9,435,897
Total Liabilities	11,465,790	10,368,634
Partners' Minority Interest	228,731	-
Net Assets		
Net Assets - Unrestricted	6,054,923	3,437,626
Total Liabilities and Net Assets	\$ 17,749,444	\$ 13,806,260

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
CONSOLIDATED STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

	Years Ended December 31,	
	2010	2009
Unrestricted Net Assets		
Revenue and Support		
Other Grants	\$ 330,645	\$ 173,311
Government Grants	2,861,391	320,041
Donations	88,905	87,081
Management Fees - Related Parties	157,181	200,298
Developer Fees	35,503	15,529
Fundraising	30,491	30,890
Donated Goods and Services	34,668	41,760
Donation of Partnership Interests	981,778	-
Other Income	24,543	128,731
Financial Revenue	200,069	159,470
Gain on Sale of Property and Equipment	-	42,539
Rental Revenue	589,013	529,547
	<u>5,334,187</u>	<u>1,729,197</u>
Total Revenue and Support		
Expenses		
Program Services		
Property Management	1,436,662	1,297,419
Housing Development and Support	146,001	107,428
Resident Development and Support	454,350	245,210
	<u>2,037,013</u>	<u>1,650,057</u>
Total Program Services		
Support Services		
Administrative and General	663,315	129,695
Fundraising	16,562	16,757
	<u>679,877</u>	<u>146,452</u>
Total Support Services		
Total Expenses	<u>2,716,890</u>	<u>1,796,509</u>
Change in Unrestricted Net Assets	2,617,297	(67,312)
Unrestricted Net Assets at Beginning of Year	<u>3,437,626</u>	<u>3,504,938</u>
Unrestricted Net Assets at End of Year	<u>\$ 6,054,923</u>	<u>\$ 3,437,626</u>

See accompanying notes.

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,	
	2010	2009
Cash Flows From Operating Activities - Unrestricted		
Change in Unrestricted Net Assets	\$ 2,617,297	\$ (67,312)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	285,577	322,124
Debt Forgiveness	533,986	(117,442)
Donation of Partnership Interests, Net of Cash	(826,417)	
Accrued Interest Income	(199,192)	(199,190)
Accrued Interest Expense	76,003	73,174
Changes In Assets and Liabilities		
Receivables	(868,440)	(45,515)
Prepaid Expenses	(2,446)	(3,582)
Accounts Payable	469,491	(5,206)
Accrued Liabilities	11,435	(3,833)
Deferred Grant Revenue	32,370	(9,700)
Change in Tenant Security Deposits Held in Trust Liability	1,407	(8,614)
Cash Provided (Used) by Operations	2,131,071	(65,096)
Cash Flows From Investing Activities		
Change in Deposits Held In Trust - Funded	(39,738)	272,904
Purchase of Fixed Assets	(1,854,537)	(183,001)
Change in Renovation in Progress	36,242	(21,242)
Cash (Used) Provided by Investing Activities	(1,858,033)	68,661
Cash Flows From Financing Activities		
Proceeds from Line of Credit	25,000	75,000
Proceeds From Mortgages and Notes Payable	-	4,921
Repayment of Mortgages and Notes Payable	(30,924)	(16,203)
Cash (Used) Provided by Financing Activities	(5,924)	63,718
Net Change in Cash	267,114	67,283
Beginning Cash Balance	103,476	36,193
Ending Cash Balance	\$ 370,590	\$ 103,476

See accompanying notes.

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2010

	Year Ended December 31, 2010				Total
	Property Management	Housing Development and	Resident Development and Support	Administrative and General	
Expenses					
Labor and Benefits	\$ 460,427	\$ 116,092	\$ 162,164	\$ 78,369	\$ -
Contract Labor	-	20,720	19,388	-	-
Utilities	219,764	-	3,468	-	-
Insurance	36,462	-	-	301	-
Interest	109,434	-	-	5,459	-
Telephone	13,985	-	-	-	-
Supplies	2,661	-	4,829	5,271	2,316
Postage	-	146	-	807	728
Dues and Subscriptions	300	30	1,710	3,582	-
Licenses, Fees, and Permits	4,939	259	-	2,084	-
Rent	-	-	183,281	-	-
Rent Subsidy	-	-	51,420	-	3,562
Other	6,046	-	-	3,833	-
Repairs and Maintenance	206,644	-	-	7,314	1,464
Professional Fees	3,855	6,130	-	13,330	-
Taxes - Real Estate	68,556	-	-	-	-
Meeting	-	-	300	1,581	-
Truck	18,987	-	-	-	-
Travel	-	588	161	626	-
Newsletter	-	1,979	-	-	-
Resale Items	-	-	-	-	-
Speakers	-	-	-	-	1,151
Resident Development	-	-	-	-	4,543
Support Services	-	-	16,399	-	-
Fundraising	-	-	11,230	-	-
Public Relations	-	-	-	-	2,400
Development Project Cost	-	57	-	-	398
Loans Receivable - Affordable	-	-	-	-	-
Housing Partnerships Forgiven	-	-	-	533,986	-
Staff Development	-	-	-	5,797	-
Total Operating Expenses	1,152,060	146,001	454,350	662,340	16,562
Depreciation Expense	284,602	-	-	975	-
Total Expenses	\$ 1,436,662	\$ 146,001	\$ 454,350	\$ 663,315	\$ 16,562

See accompanying notes.

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
CONSOLIDATED STATEMENTS OF FUNCTIONAL EXPENSES

Year Ended December 31, 2009

Expenses	Year Ended December 31, 2009				Total
	Property Management	Development and Support	Resident Development and Support	Administrative and General	
Labor and Benefits	\$ 440,610	\$ 92,862	\$ 72,455	\$ 81,309	\$ 693,846
Contract Labor	-	-	81,150	-	81,150
Utilities	177,383	-	-	-	177,383
Insurance	32,402	-	-	2,382	34,784
Interest	106,184	-	-	992	107,176
Telephone	12,775	-	-	-	12,775
Supplies	872	-	700	9,312	12,129
Postage	-	258	-	827	1,235
Dues and Subscriptions	-	-	2,850	4,351	7,201
Licenses, Fees, and Permits	4,664	700	-	3,029	8,393
Rent	-	-	500	-	3,522
Rent Subsidy	-	-	45,384	-	45,384
Other	5,294	-	-	1,209	6,503
Repairs and Maintenance	112,142	-	-	6,287	120,326
Professional Fees	1,488	3,343	-	13,651	18,482
Taxes - Real Estate	67,706	-	-	-	67,706
Meeting	-	-	-	1,612	1,612
Truck	14,750	-	-	-	14,750
Travel	-	27	-	1,043	1,070
Newsletter	-	1,596	30,049	-	31,645
Resident Development	-	-	12,122	-	12,122
Development Project Cost	-	8,642	-	-	8,642
Staff Development	-	-	-	2,716	2,400
				1,433	4,149
Total Operating Expenses	976,270	107,428	245,210	128,720	1,457,628
Depreciation Expense	321,149	-	-	975	322,124
Total Expenses	\$ 1,297,419	\$ 107,428	\$ 245,210	\$ 129,695	\$ 1,796,509

See accompanying notes.

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - ORGANIZATION

Over-The-Rhine Community Housing, a nonprofit organization (the Organization), is a nonprofit corporation that works to build and sustain a diverse neighborhood that values and benefits low-income residents in the Over-the-Rhine area of Cincinnati, Ohio. The Organization focuses on developing and managing resident-centered, affordable housing in an effort to promote an inclusive community.

The Organization was formed out of the merger of ReSTOC, Inc. and Over-The-Rhine Housing Network, two long-standing affordable housing organizations in Over-the-Rhine. ReSTOC, Inc. was founded in 1978 and Over-The-Rhine Housing Network in 1988. Both organizations were founded out of the same movement now recognized as the Over-The-Rhine People's Movement. In order to secure and sustain affordable housing and promote community based development in Over-the-Rhine, the two organizations joined forces in April, 2006.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Principles of Consolidation

The Organization's consolidated statement of financial position at December 31, 2010 includes the accounts of the Organization and its majority-owned subsidiaries, North Rhine I and North Rhine II limited partnerships, in which the Organization was gifted a majority interest in December, 2010. These limited partnerships hold low income rental properties in the Over-the-Rhine neighborhood of Cincinnati, Ohio. Accordingly, the assets and liabilities are included in the consolidated statement of financial position at December 31, 2010. Intercompany balances have been eliminated in consolidation.

Basis of Presentation

The consolidated financial statements are presented on a basis of unrestricted, temporarily restricted, and permanently restricted net assets in accordance with U.S. generally accepting accounting principles (GAAP). Contributions are recognized when the donor makes a promise to give to the Organization that is, in substance, unconditional. Contributions whose restrictions are met within the same reporting period are reported as unrestricted.

Use of Estimates

The process of preparing consolidated financial statements in conformity with U.S. GAAP requires the use of estimates and assumptions regarding certain types of assets, liabilities, revenues, and expenses. Certain estimates relate to unsettled transactions and events as of the date of the consolidated financial statements. Other estimates relate to assumptions about the ongoing operations and may impact future periods. Accordingly, upon settlement, actual results may differ from estimated amounts.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Accounts Receivable

Accounts receivable are stated at their contractual outstanding balances, net of any allowance for doubtful accounts. Accounts are considered past due if any portion of an account has not been paid in full within the contractual terms of the account. The Organization begins to assess its ability to collect receivables that are over 90 days past due and provides for an adequate allowance for doubtful accounts based on the Organization's collection history, the financial stability and recent payment history of the tenants, and other pertinent factors. Receivables are written off after the Organization has used reasonable collection efforts and deems them uncollectible. Based on these criteria, allowances for doubtful accounts for tenant receivables of \$8,300 and \$8,000 have been provided at December 31, 2010 and 2009, respectively.

Property and Equipment

Property and equipment used in operations are stated at cost or, if donated, the fair market value at the date of the gift, less accumulated depreciation computed on the straight-line method over the estimated useful lives of the related assets ranging from 12 to 30 years. Expenditures in excess of \$1,000 are capitalized.

Maintenance and repairs are charged to operations when incurred. Significant betterments and renewals are capitalized. When property and equipment are sold or otherwise disposed of, the asset account and related accumulated depreciation account are relieved, and any gain or loss is included in operations. All occupied and unoccupied properties available for rent are being depreciated.

Net Assets

Unrestricted

Funds that have not been restricted in any manner by the donors are referred to as unrestricted net assets and are available for general organizational purposes. Unrestricted net assets are currently expendable.

Temporarily Restricted

The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statements of activities as net assets released from restrictions.

The Organization reports gifts of land, buildings, and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used, the gifts of cash or other assets that must be used to acquire long-lived assets, are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service. The Organization had no temporarily restricted net assets at both December 31, 2010 and 2009.

Permanently Restricted

Permanently restricted net assets are those grants and contributions wherein the donors have stipulated that the principal be invested and maintained intact in perpetuity. The Organization had no permanently restricted net assets at both December 31, 2010 and 2009.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Revenue Recognition

Generally, grants from government entities to the Organization are determined to be exchange transactions and not contributions. Accordingly, revenue is reported as an increase in the unrestricted net assets when the revenue is earned unless it is otherwise deemed restricted.

Donated Services, Materials, and Property

Donated materials are recorded as public support in the accompanying consolidated financial statements at their estimated fair market value at the date of receipt. Donated services are valued at management's estimate of the cost to secure the services on the open market.

Functional Expenses

Salaries and related expenses are charged to program services based on the time spent by personnel on the related programs. Direct expenses are charged to the program based on costs incurred when specifically identifiable with a program.

Income Tax Status

The Organization is exempt from federal income tax under Section 501(c)(3) of the Internal Revenue Code. In addition, the Organization qualifies for the charitable contribution deduction under Section 170(b)(1)(A) and has been classified as an organization other than a private foundation under Section 509(a)(2).

The Organization has adopted the provisions of the accounting pronouncement related to accounting for uncertainty in income taxes. The Organization recognized no interest or penalties in the consolidated statements of financial position for both the years ended December 31, 2010 and 2009. If the situation arose in which the Organization would have interest to recognize, it would recognize this as interest expense and penalties would be recognized in other expenses. Tax years still open under federal and state statute of limitations remain subject to review and change.

Based on the evaluation of the Organization's tax positions, management believes all positions taken would be upheld under an examination. Therefore, no provision for the effects of uncertain tax positions has been recorded for both the years ended December 31, 2010 and 2009.

NOTE 3 - CASH AND CASH FLOW INFORMATION

Cash

At various times throughout the year, the Organization may have cash in certain financial institutions in excess of insured limits. The Federal Deposit Insurance Corporation (FDIC) insures account balances up to \$250,000 for each business depositor. In addition, the FDIC insures 100% of all non-interest bearing accounts through December 31, 2012. Using these criteria, the Organization had no cash in excess of insured limits at both December 31, 2010 and 2009.

For purposes of the consolidated cash flows statements, cash includes cash on hand and cash in checking accounts.

NOTE 3 - CASH AND CASH FLOW INFORMATION (Continued)

Cash paid for interest was as follows:

	December 31,	
	2010	2009
Interest	\$ <u>33,431</u>	\$ <u>34,002</u>

Non-Monetary Transactions

During 2009, the Organization exchanged certain land and buildings with a book value of \$30,046 for similar land and buildings with an appraised value of \$37,640. The new land and building have been recorded in the amount of \$30,046, which represents the book value of the land and building given up. The fair market value was determined through the Hamilton County Auditor property tax records.

Non-monetary investing and financing activities were as follows:

Forgiveness of Debt	\$ <u>533,986</u>	\$ <u>117,442</u>
Acquisition of Fixed Assets	\$ <u>1,709,855</u>	\$ <u>-</u>

NOTE 4 - LOANS RECEIVABLE - AFFORDABLE HOUSING PARTNERSHIPS

The Organization has been awarded grants by various government agencies. Many of the grants are loans to be passed-through, under the award terms, to affordable housing partnerships to fund building rehabilitation.

The Organization has secured \$7,812,001 in both 2010 and 2009 in funds which have been loaned to various partnerships. All the loans call for payment at maturity, including accrued interest, which was \$1,503,652 and \$1,728,758 for 2010 and 2009, respectively. The loans mature between 2011 and 2042 with interest rates between 1% and 6.9%.

All loans receivable are recorded as non-current assets by the Organization since repayment of the loans and the accrued interest is not expected from the partnerships if they continue to provide affordable housing. If repaid, it is expected that the funds will be utilized in additional affordable housing programs.

NOTE 5 - INVESTMENT IN LIMITED PARTNERSHIPS

The Organization has made investments in various tax credit limited partnerships in which they acted as the developer. These amounts consisted of cash and property for development. The purpose of the partnerships is to acquire, rehabilitate, own, finance, lease, and operate low-income housing. The investments were made through corporations owned by the Organization which are fractional interest share partners in the partnerships.

NOTE 6 - LINE OF CREDIT

The Organization has a \$200,000 line of credit with a bank, collateralized by the assets of the Organization, which charges interest at the prime rate plus .5% (the prime rate was 3.25% at both December 31, 2010 and 2009). The line of credit was renewed on July 15, 2011 and is set to expire one year later.

NOTE 7 - LONG-TERM DEBT

	December 31,	
	2010	2009
Mortgages Payable		
Mortgage payable dated November 1, 2006, due to Cornerstone Corporation for Shared Equity, collateralized by real estate located at 530 E. 13 th Street, Cincinnati, Ohio, and bearing interest at 6%. Due in monthly installments of \$420, including interest, with a balloon payment of \$65,138 due on October 31, 2022.	\$ 66,052	\$ 67,174
Mortgage payable dated June 20, 2006, due to a bank, collateralized by real estate located at 1300 Vine Street, Cincinnati, Ohio, and bearing interest at 6.25%. Due in 120 consecutive monthly installments of \$3,681, including interest, with a balloon payment of \$380,228 due in June, 2016.	435,922	450,724
Note payable dated June 28, 2005 due to CMC Mortgage Service, Inc., collateralized by the real estate known as Carl Apartments and owned by the North Rhine Limited Partnership, a subsidiary, and bearing interest at 7%. Due in 360 consecutive monthly installments of \$1,175, with the final payment due in July, 2035. The loan is insured by the Office of Affordable Housing Preservation, a division of the Department of Housing and Urban Development.	165,292	-
Contingent Repayment Mortgage Deed Note due to the Department of Housing and Urban Development. The note is due on July 1, 2035 and requires annual payments of 75% of the "restricted surplus cash", as defined in the loan agreement of the Carl Apartments project owned by the North Rhine Limited Partnership. The loan interest rate is 4% of the outstanding balance.	<u>79,198</u>	<u>-</u>
Mortgages Payable Subtotal	<u>746,464</u>	<u>517,898</u>

Notes Payable

Note payable to the managing partner of the Carl Apartments project owned by the North Rhine Limited Partnership. The note is repayable as cash flow from the project is available. The note bears interest at 4% per annum on the unpaid balance. Interest payments on the loan are current.	30,885	-
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NOTE 7 - LONG-TERM DEBT (Continued)

	December 31,	
	2010	2009
Notes Payable Amount Brought Forward	\$ 30,885	\$ -
 Note payable dated January 1, 2004, due to the Province of St. John the Baptist of the Order of Friars Minor, assumed in St. Anthony Village, LLC acquisition, and collateralized by certain real estate developed with the funds. The entire balance is due on October 20, 2031 and is non-interest bearing.	115,000	115,000
 Construction draw note payable dated March 15, 2010, due to a bank and charging interest at the LIBOR rate plus 5% (the LIBOR rate was .25% at December 31, 2010). The note was for the finance of the renovations of the Jimmy Heath House and was collateralized by a mortgage lien on the property to the bank. The note was paid off in full in May, 2011.	453,330	-
 Unsecured note payable dated July 25, 2008 paid off during 2010, to the Corporation for Supportive Housing, and non-interest bearing if kept for use by low income persons.	-	<u>15,000</u>
 Notes Payable Subtotal	<u>599,215</u>	<u>130,000</u>
 Less Current Portion	<u>1,345,679</u> <u>472,285</u>	<u>647,898</u> <u>17,812</u>
 Long-Term Portion	<u>\$ 873,394</u>	<u>\$630,086</u>

The remaining maturities on these mortgages and notes are as follows:

Years Ending December 31,	
2011	\$ 472,285
2012	20,171
2013	21,467
2014	22,844
2015	24,234
Thereafter	<u>784,678</u>
	<u>\$1,345,679</u>

NOTE 8 - NOTES PAYABLE - GOVERNMENT GRANTS

Tax Credit Related Parties

The Organization is obligated under various government grants received in the form of loans to be used in the development of affordable housing. These grants / loans at December 31, 2010 and 2009 consisted of amounts due to:

	December 31,	
	2010	2009
City of Cincinnati, CDBG Program pass-through from U.S. Department of HUD, dated March 1, 1990, and collateralized by certain real estate developed with the funds (North Rhine I). The note was originally due in 2008.	\$1,490,315	\$1,490,315
Reserve for expected loan forgiveness due to compliance with low-income provisions.	(1,490,315)	-
	-	1,490,315
City of Cincinnati (\$704,000) and State of Ohio, ODOD (\$300,000), pass-through from HUD under "Home Investment Partnership Program" (Home Program) and collateralized by certain real estate developed with the funds (Sharp Village Annex). Due in 2029, with simple interest at 1.5% to 4.25%.	1,004,000	1,004,000
City of Cincinnati, collateralized by real estate developed with the funds (1929 Vine Street). Originally due in 2004, to be forgiven since the project met Home Program requirements. Cancellation not yet completed and the loan is non-interest bearing.	100,000	100,000
City of Cincinnati pass-through from HUD under Home Program, and collateralized by real estate developed with the funds (Magnolia Heights). Due in 2042, with simple interest payable at 4.96%.	1,341,746	1,341,746
City of Cincinnati pass-through from HUD under Home Program, and collateralized by real estate developed with the funds (Community Views). Due in 2022 - 2051, with simple interest payable at 1%.	473,000	473,000
City of Cincinnati (\$922,050) and Ohio Department of Development (\$415,000) pass-through from HUD under Home Program, and collateralized by real estate developed with the funds (St. Anthony Village). Due in 2031, with simple interest payable at 5% to 5.32%.	1,222,050	1,222,050
	4,140,796	5,631,111

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)

NOTE 8 - NOTES PAYABLE - GOVERNMENT GRANTS (Continued)

	<u>December 31,</u>	
	<u>2010</u>	<u>2009</u>
Tax Credit Related Parties Amount Brought Forward	\$4,140,796	\$5,631,111
State of Ohio Development Assistance Program pass-through from HUD under Home Program, and collateralized by real estate developed with the funds (OTR Revitalization). Due in 2034, with simple interest payable at 2%.	251,000	251,000
City of Cincinnati pass-through from HUD under Home Program, and collateralized by 1225 - 1231 Vine Street property. Due in 2009, and non-interest bearing.	594,371	594,371
City of Cincinnati pass-through from HUD under Home Program, and collateralized by 1300 Vine Street property. Due in 2013, and non-interest bearing.	508,076	508,076
City of Cincinnati pass-through from HUD under Home Program, and collateralized by property included in People's Co-op, LLC. Due in 2042, with 1% simple interest.	770,000	770,000
City of Cincinnati pass-through from HUD under Home Program, and collateralized by 21 W. 14 th Street property. Due in 2015, and non-interest bearing.	86,526	86,526
Ohio Capital Corporation, and collateralized by property owned by OTRCH. Due in 2011, and non-interest bearing.	<u>4,500</u>	<u>4,500</u>
	6,355,269	7,845,584
Less Current Portion	<u>4,500</u>	<u>4,500</u>
Long-Term Portion	<u>\$6,350,769</u>	<u>\$7,841,084</u>

NOTE 8 - NOTES PAYABLE - GOVERNMENT GRANTS (Continued)

	December 31,	
	2010	2009
City of Cincinnati		
In addition to the above loans, in 2008, the City of Cincinnati loaned \$880,816 to the Organization to rehabilitate, and is collateralized by, the property at 45 - 47 East McMicken Street, Cincinnati, Ohio. This loan is non-interest bearing and is forgivable if the property is maintained as affordable housing until 2023. In 2010 and 2009, \$176,163 and \$117,442, respectively, had been forgiven.	\$ 704,653	\$763,374
In 2010, the City of Cincinnati loaned \$1,256,525 to the Organization to rehabilitate, and is collateralized by, the Jimmy Heath House, 209 - 219 Odeon Street, Cincinnati, Ohio. This loan is also non-interest bearing and is forgivable if the property is maintained as affordable housing until 2025. No debt was forgiven at December 31, 2010.	<u>1,256,525</u>	<u>-</u>
	<u>\$1,961,178</u>	<u>\$763,374</u>

All of the above loans, except the Ohio Capital Corporation, are recorded as long-term liabilities by management since it is believed that, at maturity, the loans will remain in place as long as the properties collateralizing the loans continue as affordable housing or rehabilitation properties. The Ohio Capital Corporation note is due on December 31, 2011 and is considered a short-term liability.

Accrued Interest Payable

Management has accrued interest payable where there is an expectation it may be paid if cash flow from the properties is sufficient for payment.

NOTE 9 - DONATION OF PARTNERSHIP INTERESTS AND LOANS RECEIVABLE FORGIVEN

In 2010, the limited partners' in two low income housing partnerships donated to the Organization their interests in the partnerships, North Rhine I and North Rhine II. At December 31, 2010, the Organization's ownership of North Rhine I was 73.006% and North Rhine II was 86.11%. Included in the consolidated statements of activities and changes in net assets is \$981,778 in revenues and support which was the value of the donated interests based upon the fair market value of the assets in the partnerships less liabilities.

A summary of the donated partnership interests is as follows:

	<u>North Rhine I</u>	<u>North Rhine II</u>
Cash	\$228,454	\$ 99,736
Property and Equipment	442,606	931,161
Other Assets	<u>112,804</u>	<u>5,272</u>
	783,864	1,036,169
Current Liabilities	(46,079)	(30,101)
Long-Term Liabilities	(275,375)	(257,969)
Partners' Minority Interest	<u>(124,823)</u>	<u>(103,908)</u>
Value of Donation	<u>\$337,587</u>	<u>\$ 644,191</u>

On June 11, 2011, the Organization was donated the balance of the interest in the two partnerships. It is the intention of the Organization to liquidate the partnerships. As a result of the intended liquidation, the Organization forgave notes receivable due from these partnerships which were not included in the valuations shown above.

The total amount forgiven amounted to \$533,986 and is included on the consolidated statements of activities and changes in net assets as part of administrative and general expenses.

NOTE 10 - RETIREMENT PLAN

The Organization adopted a SIMPLE IRA plan for the benefit of all employees. The Organization matches the employees' contributions to the plan up to a maximum of 3% of compensation. Total contributions to the plan for 2010 and 2009 were \$12,073 and \$13,492, respectively.

NOTE 11 - MANAGEMENT FEES - RELATED PARTIES

The Organization earned fees from the management of rental property in which it maintains an ownership interest through investment in the property partnerships as detailed in the Investment in Limited Partnerships note.

NOTE 12 - CURRENT VULNERABILITY DUE TO CERTAIN CONCENTRATIONS

The Organization receives a significant amount of funding from the federal Department of Housing and Urban Development through the City of Cincinnati. The operations of the Organization are, therefore, subject to the administrative directives, rules, and regulations of the federal and local regulatory agencies who oversee the program's administration. Administrative directives, rules, and regulations are subject to change by an act of Congress or an administrative change mandated by the federal departments of HUD. Such changes may occur with little notice resulting in inadequate funding to pay for the related cost, including the additional administrative burden to comply with the change.

NOTE 13 - SUBSEQUENT EVENTS

The Organization paid off its construction note payable with the bank (see Long-Term Debt note) in May, 2011 once funds in the amount of \$453,330 were received from the Federal Home Loan Bank of Cincinnati.

The Organization borrowed additional funds from the City of Cincinnati (see Notes Payable - Government Grants note) for the renovation of the Jimmy Heath House in the amount of \$139,614 during 2011. The total amount of the borrowings from the City of Cincinnati for the renovation of the Jimmy Heath House is \$1,396,139.

The date to which events occurring after December 31, 2010, the date of the most recent consolidated statement of financial position, have been evaluated for possible adjustment to the consolidated financial statements or disclosure is September 23, 2011, which is the date on which the consolidated financial statements were available to be issued.

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

<u>Federal Grants/ Program Title</u>	<u>CFDA Number</u>	<u>Federal Expenditure</u>
Department of Housing and Urban Development		
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 85X0076) Awarded in 1998	14.239	\$ 508,076
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 45X0019) Awarded in 1994	14.239	594,371
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 05X0019) Awarded in 2000	14.239	86,526
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 255X0034A) Awarded in 2002	14.239	770,000
Community Development Block Grant Program (Passed Through the City of Cincinnati 95X0174) Awarded May 16, 1989 under CRR Sections 570-202 and 507-208(a)(3)	14.218	1,590,315
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 405 - 1998) Awarded June 30, 1999	14.239	704,000
HOME Investment Partnerships Program (Passed Through the State of Ohio, Department of Development N-B-98-584-1) Awarded February 28, 1999	14.239	300,000
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 45X0094) Awarded June 30, 1994	14.239	473,000
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 0369 - 2002) Awarded August 6, 2001	14.239	<u>922,050</u>
		5,948,338

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Corporation)
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
(Continued)
Year Ended December 31, 2010

Federal Grants/ Program Title	CFDA Number	Federal Expenditure
Subtotal Expenditures of Federal Awards Amount Brought Forward		\$ 5,948,338
Department of Housing and Urban Development		
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 0369 - 2002) Awarded August 6, 2001	14.239	300,000
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 0369 - 2002) Awarded August 6, 2001	14.239	251,000
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 0369 - 2002) Awarded August 6, 2001	14.239	1,341,746
HOME Investment Partnerships Program (Passed Through the City of Cincinnati) Awarded December 3, 2007	14.239	704,653
HOME Investment Partnerships Program (Passed Through the City of Cincinnati 95X0332) Project #411X162X2000X7689X99009X2723 Awarded November 9, 2009	14.239	1,256,525
Shelter Plus Care Program (Passed Through the City of Cincinnati) Awarded on Various Dates Throughout 2010	14.238	196,047
2009 Supportive Housing Program Grant (Passed Through the City of Cincinnati Granted by LISC#42776-0015) OH44362, Project #OH16B60-0001	14.235	415,000
Community Development Block Grant Program (Passed Through the City of Cincinnati Granted by CDCAGC) Awarded February 1, 2010	14.218	70,000
HOME Investment Partnerships Program Community Housing Development Organization Operating Grants (Passed Through the State of Ohio, Ohio Housing Finance Agency #N-Q-09-845-1) Awarded July 8, 2009	14.239	55,230
2005 Supportive Housing Program Grant OH44007, Project #OH16B50-0018	14.235	56,037
Total Expenditures of Federal Awards		\$ 10,594,576

SUPPLEMENTAL INFORMATION

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year Ended December 31, 2010

NOTE 1 - BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal program activity of the Organization and is presented on the cash basis of accounting. The information is presented in accordance with the requirement of OMB Circular A-133, *Audits of States, Local Governments, and Non-profit Organizations*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in, the preparation of the basic consolidated financial statements.

**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**

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio

We have audited the consolidated financial statements of Over-The-Rhine Community Housing, a nonprofit organization, as of and for the year ended December 31, 2010, and have issued our report thereon dated September 23, 2011. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Over-The-Rhine Community Housing'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 Over-The-Rhine Community Housing's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Over-The-Rhine Community Housing'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 consolidated 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 would not necessarily identify all deficiencies in the internal control that might be 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 Over-The-Rhine Community Housing'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 consolidated 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 that are required to be reported under *Government Auditing Standards*.

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

VonLehman & Company Inc.

Cincinnati, Ohio
September 23, 2011

**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**

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio

Compliance

We have audited the compliance of Over-The-Rhine Community Housing, a nonprofit organization, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended December 31, 2010. Over-The-Rhine Community Housing's major federal programs are identified in the summary of the 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 Over-The-Rhine Community Housing's management. Our responsibility is to express an opinion on Over-The-Rhine Community Housing's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 Over-The-Rhine Community Housing'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 Over-The-Rhine Community Housing's compliance with those requirements.

In our opinion, Over-The-Rhine Community Housing complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended December 31, 2010. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio

Internal Control Over Compliance

Over-The-Rhine Community Housing's management is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Over-The-Rhine Community Housing's internal control over compliance with 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 the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Over-The-Rhine Community Housing'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 over compliance 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

VonLehman & Company Inc.

Cincinnati, Ohio
September 23, 2011

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2010

SECTION I - SUMMARY OF AUDITORS' RESULTS

CONSOLIDATED FINANCIAL STATEMENTS	
Type of Consolidated Financial Statement Opinion	Unqualified
Were there any material control weakness conditions reported at the consolidated financial statement level (GAGAS)?	No
Were there any other significant deficiencies conditions reported at the consolidated financial statement level (GAGAS)?	No
Was there any reported material noncompliance at the consolidated financial statement level (GAGAS)?	No
FEDERAL AWARDS	
Were there any material weakness conditions reported for major federal programs?	No
Were there any other significant deficiencies conditions reported for major federal programs?	No
Type of Major Programs Compliance Opinion	Unqualified
Are there any reportable findings under Section 510?	Yes
Major Programs (list):	CFDA 14.218 Community Development Block Grants / Entitlement Grants CFDA 14.235 Supportive Housing Program CFDA 14.239 Home Investment Partnerships Program
Dollar Threshold: Type A / B Programs	Type A: > \$500,000 Type B: all others
Low Risk Auditee?	Yes

OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
(Continued)
Year Ended December 31, 2010

SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

**OVER-THE-RHINE COMMUNITY HOUSING
(A Nonprofit Organization)
SCHEDULE OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS
Year Ended December 31, 2009**

SECTION II - CONSOLIDATED FINANCIAL STATEMENT FINDINGS AND QUESTIONED COSTS

None.

SECTION III - FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL AWARD PROGRAMS AUDIT

Finding Number	2009-0001
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Other Matters

1. *A-133 Federal Audit Clearinghouse Data Collection Form was not filed for the year ended December 31, 2008* - Per OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations Section 320(a), the Data Collection Form (Form SF-SAC) is required to be submitted within the earlier of 30 days after receipt of the auditors' report or nine months after the end of the audit period, unless a longer period is agreed to in advance by the cognizant or oversight agency for audit. The Organization did not file the required SF-SAC form for the year ended December 31, 2008.

Organization Response: In the past, the SF-SAC form was filed by the prior auditor. The Organization became aware of the non-filing of the 2008 report in August, 2010 and notified its prior auditor about this. The filing was promptly submitted in August, 2010.

**REPORT ON COMPLIANCE WITH THE TERMS AND CONDITIONS OF
OHIO DEPARTMENT OF DEVELOPMENT (ODOD) ADMINISTERED GRANTS**

Board of Directors
Over-The-Rhine Community Housing
(A Nonprofit Organization)
Cincinnati, Ohio

We have audited the compliance of Over-The-Rhine Community Housing, a nonprofit organization, with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to the terms and conditions of ODOD-administered for the year ended December 31, 2010. Over-The-Rhine Community Housing's ODOD-administered grants are listed in the Schedule of Awards - State of Ohio. Compliance with the requirements of laws, regulations, contracts, and grants applicable to ODOD-administered grants is the responsibility of Over-The-Rhine Community Housing's management. Our responsibility is to express an opinion on Over-The-Rhine Community Housing's compliance based on our audit.

We conducted our audit of compliance in accordance with U.S. generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. 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 ODOD-administered grants occurred. An audit includes examining, on a test basis, evidence about Over-The-Rhine Community Housing'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 Over-The-Rhine Community Housing's compliance with those requirements.

This report is intended solely for the information and use of management, the audit committee, and federal awarding agencies and pass-through entities and is not intended to be, and should not be, used by anyone other than these specified parties.

VonLehman & Company Inc.

Cincinnati, Ohio
September 23, 2011