

**Hollybrook Apartments  
St. Joseph's Villa  
Housing Corp., Mortgagor**

**Project No. 051-EH075-WPH/L8**

**Financial Statements  
with supplemental information  
Year Ended June 30, 2009**

# Hollybrook Apartments

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## Independent Auditors' Report

Board of Directors  
St. Joseph's Villa Housing Corp.  
Mortgagor for Hollybrook Apartments  
Richmond, Virginia

We have audited the accompanying statement of financial position of Hollybrook Apartments, St. Joseph's Villa Housing Corp. (the Corporation), Mortgagor, Project No. 051-EH075-WPH/L8, as of June 30, 2009, and the related statements of activities, deficiency in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Hollybrook Apartments, St. Joseph's Villa Housing Corp. as of June 30, 2009, and the related statements of activities, its deficiency in net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with the *Government Auditing Standards*, we have also issued our report dated September 21, 2009 on our consideration of the Corporation'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 audit.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 21-24 are presented for purposes of additional analysis and are not a required part of the basic financial statements of the Corporation. The accompanying schedule of expenditures of federal awards and related notes is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Government, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

*BDO Seidman, LLP*

September 21, 2009

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## Assets

### Current assets

Cash, operations	\$ 51,010
Tenant account receivable	2,772
Accounts receivable, operations	4,784
Prepaid expenses	6,035

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Total current assets **64,601**

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### Deposits held in trust

Tenant deposits held in trust	5,187
Other deposits	2,110

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Total deposits held in trust **7,297**

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### Restricted deposits

Escrow deposits	2,160
Replacement reserve	57,829
Other reserves	23,568
Residual receipts reserve	—

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Total restricted deposits **83,557**

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### Property and equipment

Land	53,948
Land improvements, road	50,621
Buildings	1,142,948
Building equipment, portable	45,292

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	1,292,809
Less accumulated depreciation	(1,185,711)

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Property and equipment, net **107,098**

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Total assets **\$ 262,553**

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**Hollybrook Apartments**  
**Project No. 051-EH075-WPH/L8**

**Statement of Financial Position**  
**June 30, 2009**

**Liabilities and Deficiency in Net Assets**

<b>Current liabilities</b>	
Accounts payable, operations	\$ 22,358
Accrued interest payable	7,145
Current maturities of mortgage payable	28,785
Prepaid rent	312
<b>Total current liabilities</b>	<b>58,600</b>
Tenant deposits held in trust	4,200
Other deposits	2,110
<b>Total deposit liabilities</b>	<b>6,310</b>
Mortgage payable, less current maturities	898,017
<b>Total liabilities</b>	<b>962,927</b>
<b>Net assets (deficit)</b>	
Paid-in surplus	14,007
Accumulated deficit	(714,381)
<b>Deficiency in net assets</b>	<b>(700,374)</b>

**Total liabilities and deficiency in net assets** **\$262,553**

*See accompanying summary of accounting policies and notes to financial statements.*

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Statement of Activities

#### Year Ended June 30, 2009

<b>Income</b>	
Rent, net	\$284,125
Other revenues	23,457
Interest income	756
<hr/>	
Total income	308,338
<hr/>	
<b>Expenses</b>	
Administrative	59,472
Utilities	11,688
Operating and maintenance	86,619
Taxes and insurance	25,661
Financial	86,861
Depreciation	49,220
<hr/>	
Total expenses	319,521
<hr/>	
<b>Decrease in net assets</b>	<b>11,183</b>
<hr/>	
<b>Accumulated deficit, beginning of year</b>	<b>703,198</b>
<hr/>	
<b>Accumulated deficit, end of year</b>	<b>\$714,381</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Statement of Deficiency in Net Assets Year Ended June 30, 2009

	Paid-In Surplus	Accumulated Deficit	Deficiency In Net Assets
<b>Balance (deficit), beginning of year</b>	\$14,007	\$(703,198)	\$(689,191)
Decrease in net assets	–	(11,183)	(11,183)
<b>Balance (deficit), end of year</b>	<b>\$14,007</b>	<b>\$(714,381)</b>	<b>\$(700,374)</b>

*See accompanying summary of accounting policies and notes to financial statements.*

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Statement of Cash Flows

#### Year Ended June 30, 2009

<b>Operating activities</b>	
Rental income	\$282,425
Financial receipts	756
Other receipts	21,074
Administrative expenses	(12,926)
Management fees	(12,860)
Utilities	(11,688)
Salaries and wages	(61,541)
Operating and maintenance	(53,818)
Taxes and insurance	(30,210)
Interest on mortgage	(87,062)
<hr/>	
Cash provided by operating activities	34,150
<hr/>	
<b>Investing activities</b>	
Mortgage escrow deposits, net	4,513
Replacement reserve, net	18,061
Other reserves, net	(3,515)
Security deposit	1,144
<hr/>	
Cash provided by investing activities	20,203
<hr/>	
<b>Financing activities</b>	
Mortgage principal payments	(26,252)
<hr/>	
Cash absorbed by financing activities	(26,252)
<hr/>	
<b>Net increase in cash</b>	<b>28,101</b>
<b>Cash, beginning of year</b>	<b>22,909</b>
<hr/>	
<b>Cash, end of year</b>	<b>\$ 51,010</b>

continued...

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Statement of Cash Flows

#### Year Ended June 30, 2009

(continued)

#### Operating activities

Reconciliation of decrease in net assets to net cash provided by operating activities	
Decrease in net assets	\$(11,183)
Adjustments to reconcile decrease in net assets to net cash provided by operating activities	
Depreciation	49,220
Increase or decrease in	
Tenant accounts receivable	(1,700)
Accounts receivable, operations	(1,255)
Prepaid expenses	(4,549)
Tenant security deposits	(1,128)
Accounts payable and accrued expenses	4,745
<hr/>	
Cash provided by operating activities	\$ 34,150

*See accompanying summary of accounting policies and notes to financial statements.*

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Summary of Significant Accounting Policies

<b>Nature of Business</b>	Hollybrook Apartments are owned by St. Joseph's Villa Housing Corp., Mortgagor (the Corporation), and provide low cost housing in Richmond, Virginia for people with disabilities under operating lease arrangements and was organized under Section 202 of the National Housing Act. Such projects are regulated by the United States Department of Housing and Urban Development (HUD) as to rental rates and operating methods. The Project also has Section 8 Housing Assistance Payments agreements with HUD and a significant portion of the Project's rental income is received from HUD under these agreements.
<b>Basis of Presentation</b>	The Corporation's financial statements were prepared on the accrual basis of accounting.
<b>Estimates</b>	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 certain reported amounts and disclosures. Actual results could differ from those estimates.
<b>Accounts receivable</b>	Accounts receivable are carried at original invoice amount less an estimate made for doubtful receivables based on a review of all outstanding amounts on a monthly basis. Management determines the allowance for doubtful accounts by identifying troubled accounts and by using historical experience applied to an aging of accounts. Accounts receivable are written off when deemed uncollectible. Recoveries of accounts receivable previously written off are recorded when received. An accounts receivable is considered to be past due if any portion of the receivable balance is outstanding for more than 90 days. Interest is not charged on past due receivables.
<b>Property and Equipment</b>	Property and equipment is stated at cost. Depreciation is computed on the straight-line method over the following estimated useful lives:

	Years
Land improvements, road	15
Buildings	25
Building equipment, portable	10

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Summary of Significant Accounting Policies

(continued)

<b>Valuation for Long-Lived Assets</b>	The Corporation accounts for the valuation of long-lived assets under Statement of Financial Accounting Standards (SFAS) No. 144, <i>Accounting for the Impairment or Disposal of Long-Lived Assets</i> . SFAS No. 144 requires that long-lived assets and certain identifiable intangible assets be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of the long-lived asset is measured by a comparison of the carrying amount of the asset to future undiscounted net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the estimated fair value of the assets. Assets to be disposed of are reportable at the lower of the carrying amount or fair value, less costs to sell.
<b>Income Taxes</b>	The Corporation is exempt from federal income taxes under Section 501(c)(3) of the Internal Revenue Code. The Corporation had no sources of unrelated business income for the year ended June 30, 2009, and has elected to defer adoption of FASB Interpretation No. 48 (FIN 48) until after the current fiscal year. Management believes that there are no significant uncertain tax positions.
<b>Revenue Recognition</b>	The Corporation recognizes rental income and tenant assistance revenue when earned. Service Coordinator assistance payments are recognized when due from HUD. Other miscellaneous revenues are recognized when received or when due, as appropriate.
<b>New Accounting Standards</b>	In May 2009, the FASB issued SFAS No. 165, "Subsequent Events" ("SFAS 165"). SFAS 165 establishes standards under which an entity shall recognize and disclose events that occur after a balance sheet date but before the related financial statements are issued or are available to be issued. SFAS 165 is effective for fiscal years ending after June 15, 2009. Subsequent events have been evaluated by the Corporation through September 21, 2009.

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Notes to Financial Statements

- 1. Mortgage Payable**      The 9.25% mortgage note payable to U.S. Department of Housing and Urban Development is due in monthly installments of \$9,443, including interest, to October 1, 2024. The note is collateralized by deed of trust on the Corporation's land and building having a depreciated cost of \$105,810.

Aggregate maturities during the next five years are summarized below:

<i>Year ended June 30,</i>	
2010	\$ 28,785
2011	31,564
2012	34,611
2013	37,951
2014	41,614
Thereafter	752,277
\$926,802	

- 2. Reserves and Residual Receipts**      Under provisions of the regulatory agreement and the mortgage loan agreement, the Corporation is required to fund a replacement reserve account and a painting reserve. The funds in these restricted deposit funds are to be used for the repair and replacement of property and equipment and to cover the expected painting needs of the facilities at some undetermined future date, as approved by HUD.

The replacements reserve consists of funds for future replacement needs. In accordance with provisions of the HUD Regulatory Agreement, the Corporation is required to deposit \$855 a month into this account. During the year, the Corporation withdrew \$28,598 from the replacement reserve.

The Corporation is also required to make monthly deposits into an escrow account for estimated future property insurance premiums.

Also, under provisions of the regulatory agreement, the Corporation is required to maintain a residual receipts account to which they must annually transfer surplus cash, as defined by HUD, within 60 days of year-end. Funds held in the residual receipts account require advance approval from HUD prior to being released for funding operating deficits or expenses not covered by rental receipts.

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Notes to Financial Statements

(continued)

#### 3. Related Party Transactions

The Corporation was formed by St. Joseph's Villa, a nonprofit organization which provides a variety of program services to the community. Transactions with St. Joseph's Villa are summarized below:

As of June 30, 2009	
Accounts payable	\$12,050
Contributed capital (paid-in surplus)	14,007
For the year ended June 30, 2009	
Management fee	12,860
Reimbursement of other expenses	
Office salaries	16,507
Manager salaries	16,985
Security payroll/contract	3,359
Maintenance payroll	28,049
Payroll taxes (FICA)	2,132
Workers' compensation	399
Health insurance and other employee benefits	7,255



**Schedule of Expenditures  
Of Federal Awards**



**Hollybrook Apartments**  
**Project No. 051-EH075-WPH/L8**

**Schedule of Expenditures of Federal Awards**

<u>Grantor/Pass-Through Grantor/ Program Title</u>	<u>Federal CFDA Number</u>	<u>Grantor/ Pass-Through Grantor's Number</u>	<u>Federal Expenditures</u>
Federal awards			
U.S. Department of Housing and Urban Development			
Section 8 Rental Assistance Program	14.856	N/A	<u>\$236,404</u>

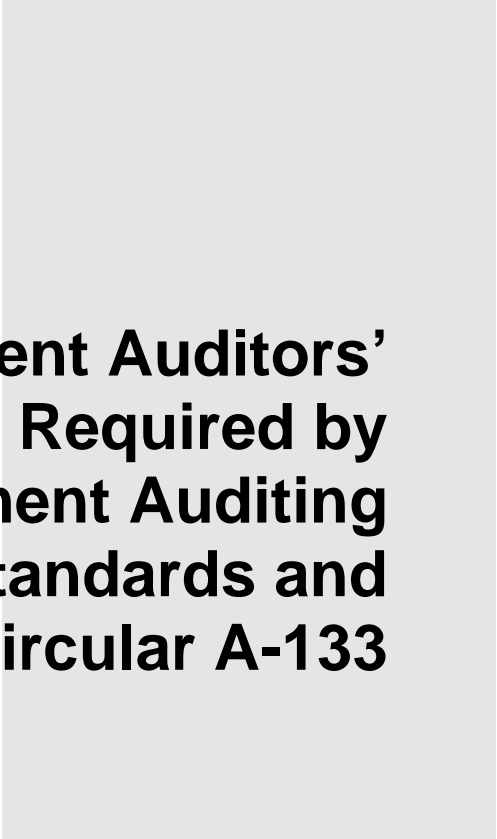
# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8


### Notes to Schedule of Expenditures of Federal Awards

- 1. Basis of Presentation** The accompanying schedule of expenditures of federal awards includes the federal grant activity of Hollybrook Apartments and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements 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 financial statements.
- 2. Mortgage Loan Payable** St. Joseph's Villa Housing Corp. had the following loan balance outstanding at June 30, 2009. This loan balance outstanding is included in the federal expenditures presented in the following schedule:

<u>Cluster/Program Title Outstanding</u>	<u>Federal CFDA Number</u>	<u>Amount</u>
Supportive Housing for the Elderly (Section 202)	14.135	<u>\$926,802</u>



**Independent Auditors'  
Reports Required by  
Government Auditing  
Standards and  
OMB Circular A-133**



## **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  
St. Joseph's Villa Housing Corp.  
Mortgagor for Hollybrook Apartments  
Richmond, Virginia

We have audited the financial statements of Hollybrook Apartments, St. Joseph's Villa Housing Corp., Mortgagor (the Corporation) as of and for the year ended June 30, 2009, and have issued our report thereon dated September 21, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States.

### Internal Control Over Financial Reporting

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

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

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

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

**continued...**

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Corporation's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, 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 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 for the information and use of the Board of Directors, audit committee, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "BDO Seidman, LLP". The signature is written in a cursive, flowing style.

Certified Public Accountants

Richmond, Virginia  
September 21, 2009

## **Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance with OMB Circular A-133**

Board of Directors  
St. Joseph's Villa Housing Corp.,  
Mortgagor for Hollybrook Apartments  
Richmond, Virginia

### Compliance

We have audited the compliance of Hollybrook Apartments, St. Joseph's Villa Housing Corp., Mortgagor, (the Corporation) 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 its major federal program for the year ended June 30, 2009. The Corporation's major federal program is identified in the summary of independent auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Corporation's management. Our responsibility is to express an opinion on the Corporation'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; 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 the Corporation'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 on the Corporation's compliance with those requirements.

In our opinion, the Corporation complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2009.

**continued...**

### Internal Control Over Compliance

The management of the Corporation 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 the Corporation'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 compliance, 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 entity's internal control over compliance.

A *control deficiency* in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in a more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

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

This report is intended for the information and use of the Board of Directors, audit committee, management, and the Department of Housing and Urban Development and is not intended to be and should not be used by anyone other than these specified parties.



Certified Public Accountants

Richmond, Virginia  
September 21, 2009

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Schedule of Findings and Questioned Costs Year Ended June 30, 2009

**Section I. Summary of Independent Auditor's Results**

Financial Statements

Type of auditor's report issued:

Unqualified

Internal control over financial reporting:

Material weakness(es) identified?

\_\_\_\_\_ Yes                         X    No

Significant deficiencies identified that are not considered to be material weakness(es)?

\_\_\_\_\_ Yes                         X    None Reported

Noncompliance material to financial statements noted?

\_\_\_\_\_ Yes                         X    No

Federal Awards

Internal control over major programs:

Material weakness(es) identified?

\_\_\_\_\_ Yes                         X    No

Significant deficiencies identified not considered to be material weakness(es)?

\_\_\_\_\_ Yes                         X    None Reported

Type of auditor's report issued on compliance for major programs:

Unqualified

Any audit findings disclosed that are required to be reported in accordance with OMB Circular A-133 Section .510(a)?

\_\_\_\_\_ Yes                         X    No

Identification of major program:

CFDA Number

Name of Federal Program

14.135

U.S. Department of Housing and Urban  
Development (HUD) Section 202 Mortgage

**Hollybrook Apartments**  
**Project No. 051-EH075-WPH/L8**

**Schedule of Findings and Questioned Costs**  
**Year Ended June 30, 2009**  
(continued)

Federal Awards (continued)

Dollar threshold used to distinguish between  
type A and type B programs:  
Auditee qualified as low-risk auditee?

\$ 300,000  
X Yes          No

**Section II. Findings Relating to the Financial Statement Audit as Required to be Reported in Accordance with Generally Accepted Government Auditing Standards**

A. Reportable Conditions in Internal Control

None reported

B. Compliance Findings

None reported

**Section III. Federal Awards Findings and Questioned Costs**

None reported

**Section IV. Status of Prior Year Findings of Non Compliance**

There were no findings for Federal Awards as defined in Section .510(a) of Circular A-133 in the prior year.

**Supplemental Information  
Required by HUD**

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Supplemental Information Required by HUD

#### Schedule of Reserves

	<u>Residual Receipts</u>	<u>Replacement Reserves</u>	<u>Painting Reserves</u>
<b>Balance at June 30, 2008</b>	\$ –	\$75,890	\$20,053
Total deposits	–	10,140	3,396
Interest income	–	397	119
Withdrawals	–	(28,598)	–
<b>Balance at June 30, 2009</b>	<b>\$ –</b>	<b>\$57,829</b>	<b>\$23,568</b>

#### Computation of Surplus Cash-Annual

Cash and deposits held in trust	\$58,307
Current obligations	
Accrued mortgage interest payable	7,145
Delinquent mortgage principal payments	–
Accounts payable due within 30 days	22,358
Loans and notes payable due within 30 days	–
Deficient tax, insurance, or MIP escrow deposits	–
Accrued expenses	–
Prepaid rent	312
Tenant security deposits and other obligations	6,310
Total current obligations	36,125
Cash surplus	\$22,182
Required deposit to residual receipts	\$22,182

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Supplemental Information Required by HUD (continued)

#### Assets

	Balance 6/30/08	Additions	Deletions	Balance 6/30/09
Land	\$ 53,948	\$ -	\$ -	\$ 53,948
Land improvements, road	50,621	-	-	50,621
Buildings	1,142,948	-	-	1,142,948
Building equipment, portable	45,292	-	-	45,292
	<b>\$1,292,809</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$1,292,809</b>

#### Accumulated Depreciation

	Balance 6/30/08	Current Provision	Accumulated Depreciation from Disposed Assets	Balance 6/30/09	Net Book Value 6/30/09
Land	\$ -	\$ -	\$ -	\$ -	\$ 53,948
Land improvements, road	40,080	2,108	-	42,188	8,433
Buildings	1,052,695	46,822	-	1,099,517	43,431
Building equipment, portable	43,716	290	-	44,006	1,286
	<b>\$1,136,491</b>	<b>\$49,220</b>	<b>\$ -</b>	<b>\$1,185,711</b>	<b>\$107,098</b>

Statement of  
Profit and Loss

U.S. Department of Housing  
and Urban Development  
Office of Housing  
Federal Housing Commissioner  
OMB Approval No. 2502-0052(exp. 1/31/95)

Public Reporting Burden for this collection of information is estimated to average 1.0 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing this burden, to the Report Management Officer, Office of Information Policies and System, U.S. Department of Housing and Urban Development, Washington, D.C. 20410-3600, and to the Office of Management and Budget

Paperwork Reduction Project (2502-0052), Washington, D.C. 20503. Do not send this completed form to either of these addresses.

For Month/Period		Project Number:	Project Name:	
Beginning:	Ending:	(051-EH075-WPH/L8)	Hollybrook Apartments	
7/1/2008	6/30/2009			
Part I		Description of Account	Account No.	Amount *
Rental Income 5100	Rent Revenue - Gross Potential		5120	\$ 48,350
	Tenant Assistance Payments		5121	\$ 236,404
	Furniture and Equipment		5130	\$
	Stores and Commercial		5140	\$
	Garage and Parking Spaces		5170	\$
	Flexible Subsidy Income		5180	\$
	Miscellaneous (retained excess)		5190	\$
	Total Rent Revenue Potential at 100% Occupancy			
Vacancies 5200	Apartments & Subsidy Adjustments		5220	\$ (629)
	Rent Concessions		5210	\$
	Stores and Commercial		5240	\$
	Garage and Parking Spaces		5270	\$
	Miscellaneous (Specify)		5290	\$
Total Vacancies				\$ (629)
Net Rental Revenue Rent Revenue Less Vacancies				\$ 284,125
Financial Revenue 5400	Interest Income - Project Operations		5410	\$ 235
	Income from Investments - Residual Receipts		5430	\$
	Income from Investments - Reserve for Replacement		5440	\$ 397
	Rev from Invstmt- Painting Reserv		5450	\$ 119
	Rev from Invstmt-Prop Ins Escrow		5460	\$ 5
	Income from Investments - Miscellaneous		5490	\$
	Rev from Invstmt- Secur Dep		5491	\$
Total Financial Revenue				\$ 756
Other Revenue 5900	Laundry and Vending		5910	\$ 1,359
	NSF and Late Charges		5920	\$
	Damages and Cleaning Fees		5930	\$ 75
	Forfeited Tenant Security Deposits		5940	\$
	IRP Revenue (net)		5945	\$
	Other Revenue		5990	\$ 90
	Service Coordinator Reimbursement		5991	\$ 21,933
	Total Other Revenue			
Total Revenue				\$ 308,338
Administrative Expenses 6200/6300	Conventions and Meetings		6203	\$
	Advertising		6210	\$
	Office Salaries		6310	\$ 16,507
	Office Expenses		6311	\$ 95
	Office or Model Apartment Rent		6312	\$
	Management Fee		6320	\$ 12,860
	Manager or Superintendent Salaries		6330	\$ 16,985
	Manager or Superintendent Rent Free Unit		6331	\$
	Legal Expenses (Project)		6340	\$
	Auditing Expenses (Project)		6350	\$ 11,350
	Bookkeeping Fees/Accounting Services		6351	\$
	Telephone and Answering Services		6360	\$
	Bad Debts		6370	\$
	Miscellaneous Administrative Expenses (Specify)		6390	\$ 1,419
Application Fee/Credit Report		6391	\$ 256	
Total Administrative Expenses				\$ 59,472
Utilities Expense 6400	Fuel Oil/Coal		6420	\$
	Electricity		6450	\$ 4,208
	Water		6451	\$ 6,358
	Gas		6452	\$ 1,122
	Sewer		6453	\$
	Total Utilities Expense			

\* All amounts must be rounded to the nearest dollar, \$.50 and over, round up- \$.49 and below round down  
Page 1 of 2

Operating and Maintenance Expenses 6500	Payroll	6510	\$ 28,049	
	Supplies	6515	\$ 7,237	
	Janitor and Cleaning Contract	6517	\$	
	Exterminating Payroll/Contract	6519	\$	
	Contracts	6520	\$ 47,974	
	Garbage and Trash Removal	6525	\$	
	Security Payroll/Contract	6530	\$ 3,359	
	Grounds Payroll	6535	\$	
	Grounds Supplies	6536	\$	
	Grounds Contract	6537	\$	
	Repairs Payroll	6540	\$	
	Repairs Material	6541	\$	
	Repairs Contract	6542	\$	
	Elevator Maintenance/Contract	6545	\$	
	Heating/Cooling Repairs and Maintenance	6546	\$	
	Swimming Pool Maintenance/Contract	6547	\$	
	Snow Removal	6548	\$	
	Decorating Payroll/Contract	6560	\$	
	Decorating Supplies	6561	\$	
	Vehicle Expenses	6570	\$	
Miscellaneous Operating and Maintenance Expenses	6590	\$		
<b>Total Operating and Maintenance Expenses</b>				\$ 86,619
Taxes and Insurance 6700	Real Estate Taxes	6710	\$	
	Payroll Taxes (FICA)	6711	\$ 2,132	
	Miscellaneous Taxes, Licenses and Permits	6719	\$ 25	
	Property and Liability Insurance (Hazard)	6720	\$ 13,531	
	Fidelity Bond Insurance	6721	\$	
	Workmen's Compensation	6722	\$ 399	
	Health Insurance & Other Employee Benefits	6723	\$ 7,255	
	Other Insurance	6729	\$ 2,319	
<b>Total Taxes and Insurance</b>				\$ 25,661
Financial Expenses 6800	Interest on Bonds Payable	6810	\$	
	Interest on Mortgage Payable	6820	\$ 86,861	
	Interest on Notes Payable (Long-Term)	6830	\$	
	Interest on Notes Payable (Short-Term)	6840	\$	
	Mortgage Insurance Premium/Service Charge	6850	\$	
	Miscellaneous Financial Expenses	6890	\$	
<b>Total Financial Expenses</b>				\$ 86,861
Elderly & Congregate Service Expenses 6900	Total Service Expenses-Schedule Attached	6900	\$	\$
	Total Cost of Operations Before Depreciation		\$	\$ 270,301
	Profit (Loss) Before Depreciation		\$	\$ 38,037
	Depreciation (Total)-6600 & Amortization	6600	\$	\$ 49,220
<b>Operating Profit or (Loss)</b>				\$ (11,183)
Corporate or Mortgagor Entity Expenses 7100	Officer Salaries	7110	\$	
	Legal Expenses (Entity)	7120	\$	
	Taxes (Federal-State-Entity)	7130-32	\$	
	Other Expenses (Entity) - Supervisory	7190	\$	
	<b>Total Corporate Expenses</b>			
<b>Net Profit or (Loss)</b>				\$ (11,183)

[Warning: HUD will prosecute false claims and statements. Conviction may result in criminal and/or civil penalties (18 U.S.C. 1001, 1010, 1012; 31 U.S.C. 3729, 3802) Miscellaneous or other Income and Expenses Sub-account Groups. If miscellaneous or other Income and/or expense sub-accounts (5190,5290,5490,5990,6390,6590,6729, 6890, and 7190) exceed the Account Groupings by 10% or more, attach a separate schedule describing or explaining the miscellaneous income or expense.

#### Part II

1. Total principal payments required under the mortgage, even if payments under a Workout Agreement and less or more than those required under the mortgage.	\$ 26,252
2. Replacement Reserve deposits required by the Regulatory Agreement or Amendments thereto, ever if payments may be temporarily suspended or waived.	\$ 10,140
3. Replacement or Painting Reserve releases which are included as expense items on the Profit and Loss statement.	\$ 28,598
4. Project Improvement Reserve Releases under the Flexible Subsidy Program that are included as expense items on this Profit and Loss statement.	\$ N/A

Form HUD-92410

**HOLLYBROOK APARTMENTS**  
**Project No. 051-EH075-WPH/L8**

Mortgagor's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Hollybrook Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

\_\_\_\_\_  
By: Jan McNee

\_\_\_\_\_  
Date

Employer Identification Number 54-1204810

**HOLLYBROOK APARTMENTS**  
**Project No. 051-EH075-WPH/L8**

Management Agent's Certification

We hereby certify that we have examined the accompanying financial statements and supplementary information of Hollybrook Apartments and, to the best of our knowledge and belief, the same are complete and accurate.

\_\_\_\_\_  
By: St. Joseph's Villa  
Jan McNee

\_\_\_\_\_  
Date

Employer Identification Number 54-0505950

# Hollybrook Apartments

## Project No. 051-EH075-WPH/L8

### Auditor Information

BDO Seidman, LLP  
300 Arboretum Place, Suite 520  
Richmond, Virginia 23236  
(804) 330-3092

Lead auditor: Tom D'Amato, Partner

License no. 0301-016465

Federal employer ID no. 135381590