

**HOUSING OPPORTUNITIES AND
MAINTENANCE FOR THE ELDERLY, INC.**
Chicago, Illinois

FINANCIAL STATEMENTS
September 30, 2013 and 2012



CliftonLarsonAllen

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
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SEPTEMBER 30, 2013 AND 2012

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INDEPENDENT AUDITORS' REPORT

Board of Directors
Housing Opportunities and Maintenance
for the Elderly, Inc.
Chicago, Illinois

We have audited the accompanying financial statements of Housing Opportunities and Maintenance for the Elderly, Inc. (the "Organization"), which comprise the statements of financial position as of September 30, 2013 and 2012, and the related statements of activities, functional expenses, 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.

Auditors' 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 audit 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 auditors' 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.

Board of Directors
Housing Opportunities and Maintenance
for the Elderly, Inc.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Organization as of September 30, 2013 and 2012, and the changes 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.

CliftonLarsonAllen LLP

CliftonLarsonAllen LLP

Oak Brook, Illinois
January 21, 2014

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF FINANCIAL POSITION
September 30, 2013 and 2012

ASSETS	<u>2013</u>	<u>2012</u>
CURRENT ASSETS		
Cash and Cash Equivalents	\$ 121,221	\$ 261,624
Certificates of Deposit	265,052	314,673
Accounts Receivable	32,420	18,109
Prepaid Expenses	<u>21,365</u>	<u>18,386</u>
Total Current Assets	<u>440,058</u>	<u>612,792</u>
PROPERTY AND EQUIPMENT (NET)	<u>3,248,493</u>	<u>3,376,890</u>
OTHER ASSETS		
Escrow Accounts	40,032	46,948
Security Deposits	2,500	2,732
Loan Fees, Net	<u>10,368</u>	<u>10,682</u>
Total Other Assets	<u>52,900</u>	<u>60,362</u>
Total Assets	<u><u>\$ 3,741,451</u></u>	<u><u>\$ 4,050,044</u></u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts Payable	\$ 3,797	\$ 25,513
Current Portion of Long-Term Debt	8,250	8,250
Accrued Expenses	57,327	42,591
Security Deposits	-	3,970
Deferred Revenue - Grants	<u>3,200</u>	<u>3,200</u>
Total Current Liabilities	<u>72,574</u>	<u>83,524</u>
LONG-TERM LIABILITES		
Deferred Revenue - Grants, Long-Term	16,000	19,200
Notes Payable	<u>2,783,541</u>	<u>2,791,791</u>
Total Long-Term Liabilities	<u>2,799,541</u>	<u>2,810,991</u>
Total Liabilities	<u>2,872,115</u>	<u>2,894,515</u>
NET ASSETS		
Unrestricted		
Board Designated Building Reserve	299,726	280,000
Board Designated Special Projects Reserve	62,349	93,000
Operating Reserve	-	315,000
Unrestricted, Undesignated	<u>499,061</u>	<u>449,343</u>
Total Unrestricted	<u>861,136</u>	<u>1,137,343</u>
Temporarily Restricted	<u>8,200</u>	<u>18,186</u>
Total Net Assets	<u>869,336</u>	<u>1,155,529</u>
Total Liabilities and Net Assets	<u><u>\$ 3,741,451</u></u>	<u><u>\$ 4,050,044</u></u>

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF ACTIVITIES
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Totals	Unrestricted	Temporarily Restricted	Totals
REVENUES AND OTHER SUPPORT						
Contributions	\$ 322,500	\$ -	\$ 322,500	\$ 266,670	\$ -	\$ 266,670
Grants	217,800	5,000	222,800	287,810	14,986	302,796
Bequests	97,559	-	97,559	144,113	-	144,113
In-Kind Contributions	13,230	-	13,230	-	-	-
Rent from Housing Facilities and Rental Subsidies	470,299	-	470,299	461,155	-	461,155
Government Contracts	51,273	-	51,273	41,486	-	41,486
Investment Income, including loss from Joint Venture	(32,437)	-	(32,437)	1,246	-	1,246
Special Event, Net of Costs of \$17,246	32,015	-	32,015	47,932	-	47,932
Other Income	95,035	-	95,035	56,935	-	56,935
Net Assets Released from Restrictions	14,986	(14,986)	-	1,465	(1,465)	-
Total Revenues and Other Support	<u>1,282,260</u>	<u>(9,986)</u>	<u>1,272,274</u>	<u>1,308,812</u>	<u>13,521</u>	<u>1,322,333</u>
EXPENSES						
Program Services	1,233,544	-	1,233,544	1,141,850	-	1,141,850
Management and General	121,493	-	121,493	114,076	-	114,076
Fundraising Expenses	203,430	-	203,430	197,888	-	197,888
Total Expenses	<u>1,558,467</u>	<u>-</u>	<u>1,558,467</u>	<u>1,453,814</u>	<u>-</u>	<u>1,453,814</u>
CHANGE IN NET ASSETS	(276,207)	(9,986)	(286,193)	(145,002)	13,521	(131,481)
Net Assets - Beginning of Year	<u>1,137,343</u>	<u>18,186</u>	<u>1,155,529</u>	<u>1,282,345</u>	<u>4,665</u>	<u>1,287,010</u>
NET ASSETS - END OF YEAR	<u>\$ 861,136</u>	<u>\$ 8,200</u>	<u>\$ 869,336</u>	<u>\$ 1,137,343</u>	<u>\$ 18,186</u>	<u>\$ 1,155,529</u>

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF FUNCTIONAL EXPENSES
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013				2012			
	Program Services	Management and General	Fundraising Expenses	Total	Program Services	Management and General	Fundraising Expenses	Total
Employment Costs (Excluding Housing Facilities):								
Salaries	\$ 231,042	\$ 66,837	\$ 88,929	\$ 386,808	\$ 231,441	\$ 65,351	\$ 114,321	\$ 411,113
Payroll Taxes	18,837	4,776	5,562	29,175	3,430	1,070	2,958	7,458
Other Benefits	9,464	979	5,254	15,697	16,442	2,480	4,820	23,742
Other	3,537	936	1,261	5,734	2,170	1,204	930	4,304
Salaries, Maintenance and Programs at Housing Facilities	615,904	-	-	615,904	578,910	-	-	578,910
Replacement of Building Equipment	17,205	-	-	17,205	-	-	-	-
Program Supplies	74,597	-	-	74,597	54,002	-	-	54,002
Depreciation Expense	143,270	-	-	143,270	148,136	-	-	148,136
Telephone	6,627	1,492	1,769	9,888	6,040	1,543	1,952	9,535
Maintenance	4,722	1,300	1,370	7,392	4,338	1,047	1,271	6,656
General and Administrative	6,914	10,717	60,578	78,209	6,586	9,794	21,984	38,364
Outside Services	715	21,411	218	22,344	796	18,478	7,737	27,011
Fundraising and Promotion	-	-	23,726	23,726	-	-	26,029	26,029
Transportation	39,643	160	684	40,487	36,055	468	477	37,000
Rent	19,163	5,043	5,379	29,585	17,938	4,330	5,258	27,526
Insurance	31,141	7,575	8,417	47,133	30,238	7,355	8,990	46,583
Utilities	1,019	267	283	1,569	3,959	956	1,161	6,076
Bad Debt Expense	9,744	-	-	9,744	1,369	-	-	1,369
	<u>\$ 1,233,544</u>	<u>\$ 121,493</u>	<u>\$ 203,430</u>	<u>\$ 1,558,467</u>	<u>\$ 1,141,850</u>	<u>\$ 114,076</u>	<u>\$ 197,888</u>	<u>\$ 1,453,814</u>

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
STATEMENTS OF CASH FLOWS
YEARS ENDED SEPTEMBER 30, 2013 AND 2012

	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES		
Change in Net Assets	\$ (286,193)	\$ (131,481)
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by (Used in) Operating Activities:		
Depreciation	143,270	148,136
Amortization of Loan Fees	314	314
Provision for Bad Debts	9,744	1,369
(Increase) Decrease in:		
Accounts Receivable	(24,055)	(8,515)
Prepaid Expenses	(2,979)	969
Escrow Accounts	6,916	256
Security Deposits	232	1,233
Increase (Decrease) in:		
Accounts Payable	(21,716)	4,472
Accrued Expenses	14,736	25,866
Security Deposits	(3,970)	400
Deferred Revenue	(3,200)	(3,200)
Net Cash Provided by (Used in) Operating Activities	(166,901)	39,819
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of Certificates of Deposit	(265,052)	(314,673)
Redemption of Certificates of Deposit	314,673	314,234
Purchase of Property and Equipment	(14,873)	(39,096)
Net Cash Provided by (Used in) Investing Activities	34,748	(39,535)
CASH FLOWS FROM FINANCING ACTIVITIES		
Principal Payments on Long-Term Debt	(8,250)	(8,250)
NET DECREASE IN CASH AND CASH EQUIVALENTS	(140,403)	(7,966)
Cash and Cash Equivalents - Beginning of Year	261,624	269,590
CASH AND CASH EQUIVALENTS - END OF YEAR	\$ 121,221	\$ 261,624
SUPPLEMENTAL INFORMATION		
Interest Paid	\$ 7	\$ 6

See Accompanying Notes to Financial Statements.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

Housing Opportunities and Maintenance for the Elderly, Inc. (the "Organization") is a nonprofit organization that provides housing and housing support services for low-income elderly in the City of Chicago. The Organization owns and operates three intergenerational apartment buildings, operates an upkeep and repair program for low-income homeowners, and provides a handicapped accessible shopping bus that serves senior citizens citywide.

Presentation of Financial Statements

Net assets and revenues, gains, and losses are classified based on the existence or absence of donor-imposed restrictions. Accordingly, the net assets of the Organization and changes therein are classified and reported as follows:

Unrestricted - Net assets that are not subject to donor-imposed stipulations. Unrestricted net assets include net assets subject to designations that may be imposed or removed at the discretion of the Organization's board of directors.

Temporarily restricted - Net assets subject to donor-imposed stipulations that may or will be met, either by actions of the Organization and/or by the passage of time.

Permanently restricted - Net assets subject to donor-imposed stipulations that they be maintained permanently by the Organization. Generally, the donor of these assets permits the use of all or part of the income earned on any related investments for general or specific purposes. At September 30, 2013 and 2012, the Organization had no permanently restricted net assets.

Cash and Cash Equivalents

For purposes of reporting cash flows, the Organization considers all short-term investments with an initial maturity of less than three months to be cash equivalents. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to certain limits. At times, cash in the bank may exceed FDIC insurable limits.

Certificates of Deposit

Certificates of Deposit consist of certificates with an initial maturity of more than three months and are recorded at cost, which approximates fair value.

Accounts Receivable

Accounts receivable are stated at the amount management expects to collect from outstanding balances. Management provides for probable uncollectible amounts through a provision for bad debt expense based on its assessment of the current status of individual receivables from rents, contracts, and others. There was an allowance of \$1,055 as of September 30, 2013. There was no allowance recorded as of September 30, 2012, since all amounts were deemed collectible by management at that time.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Contributions

Contributions are recognized when the donor makes a gift to the Organization that is, in substance, unconditional. Contributions that are restricted by the donor are reported as increases in unrestricted net assets if the restrictions expire in the fiscal year in which the contributions are recognized. All other donor-restricted contributions are reported as increases in temporarily or permanently restricted net assets depending on the nature of the restrictions. When a restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets.

Property, Equipment, and Depreciation

The Organization capitalizes all expenditures for property and equipment costing \$1,000 or more that have an estimated useful life of more than one year. All property and equipment are recorded at cost. Depreciation is calculated using the straight-line method over the estimated useful lives of the individual assets as follows:

Equipment and Vehicles	3 -7 years
Furniture and Fixtures	3-10 years
Buildings and Improvements	10-40 years

Impairment of Long-Lived Assets

The Organization reviews long-lived assets for impairment whenever events or changes in circumstances indicate the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an 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 fair value of the assets. Assets to be disposed of are reported at the lower of the carrying amount or the fair value less costs to sell.

Loan Fees

Loan fees are amortized over the term of the mortgage loan using the straight-line method. Accumulated amortization at September 30, 2013 and 2012 was \$1,570 and \$1,256, respectively.

Donated Services, Materials, and Supplies

Donated services are recognized as contributions if the services (a) create or enhance nonfinancial assets or (b) require specialized skills, are performed by people with those skills, and would otherwise be purchased by the Organization. However, many individuals volunteer their time and perform a variety of tasks that assist the Organization with specific assistance programs, campaign solicitations, and various committee assignments that are not recognized as contributions in the financial statements since the recognition criteria were not met.

Donated materials and supplies are recorded at fair market value. For the fiscal year ended September 30, 2013, the Organization received \$13,230 of materials and installation of hot water heaters in their low-income housing. No in-kind donations were received for the fiscal year ended September 30, 2012.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Functional Expense Allocation

Functional expenses have been allocated between program services, management and general, and fundraising based on an analysis of personnel time and space utilized for the related activities.

Investment in PrimeLife Home Improvement Project

During 2013, the Organization invested in PrimeLife Home Improvement (PLHI), a 501(c)(3) exempt entity established by three members to provide improvements, maintenance, and repairs to residential homes for older adults and 501(c)(3) exempt institutional organizations. PLHI surplus revenue and losses are determined in accordance with accounting principles generally accepted in the United States of America for nonprofit organizations using the accrual method of accounting. The Organization invested \$30,000 to earn a one-third interest in the net assets of PLHI. However, the Organization has promised to invest up to \$50,000, as necessary. Since PLHI has negative net assets as of September 30, 2013, the Organization's investment is valued at \$0 and a related obligation of \$3,296 is recorded to cover the Organization's share of the current loss of PLHI. The Organization will potentially be liable for up to \$20,000.

Board-Designated Unrestricted Net Assets

The Board has designated a portion of unrestricted net assets in 2013 and 2012 as a Special Projects Reserve designed to cover costs of special projects which could not be financed from normal sources of revenue and as a building reserve designated for improving and replacing capital equipment and other facilities improvements. These designations are at the board of director's discretion and all or any part of these designations may be re-designated for the general purpose of the Organization.

Income Tax Status

The Organization is a nonprofit organization exempt from paying corporate federal income tax under Section 501(c)(3) of the Internal Revenue Code (IRC). It has been classified as an organization that is not a private foundation under the IRC and charitable contributions by donors are tax deductible.

The Organization has evaluated its tax positions and determined it has no uncertain tax positions at September 30, 2013.

The Organization's 2010, 2011, and 2012 tax years are open for examination by the Internal Revenue Service (IRS). Should the Organization's tax-exempt status be challenged in the future, all years since inception could be subject to review by the IRS.

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.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Reclassifications

Certain reclassifications have been made to the September 30, 2012 financial statements in order to present them in conformity with the September 20, 2013 financial statements. These reclassifications had no effect on net assets as previously reported.

NOTE 2 PROPERTY AND EQUIPMENT

Property and equipment as of September 30, 2013 and 2012 consisted of the following:

	2013	2012
Land	\$ 676,828	\$ 676,828
Buildings and Improvements	4,984,071	4,975,663
Furniture and Fixtures	373,805	370,805
Equipment and Automobiles	447,745	444,280
	<u>6,482,449</u>	<u>6,467,576</u>
Less: Accumulated Depreciation	<u>(3,233,956)</u>	<u>(3,090,686)</u>
Total Property and Equipment	<u>\$ 3,248,493</u>	<u>\$ 3,376,890</u>

NOTE 3 ESCROW ACCOUNTS

Escrow accounts at September 30, 2013 and 2012 consist of the following:

	2013	2012
Resources for Repair and Maintenance	\$ 2,290	\$ 16,830
Insurance Escrow	23,602	15,978
Real Estate Tax Escrow	14,140	14,140
	<u>\$ 40,032</u>	<u>\$ 46,948</u>

The Organization makes monthly deposits into the insurance and repairs and maintenance escrow accounts.

NOTE 4 DEFERRED REVENUE

During 2006, the Organization received a grant for \$48,000 for the construction and rehabilitation of Blackhawk Manor for the Affordable Housing Program (AHP). The Organization's liability is reduced annually over a period of 15 years based on a pro rata share of the grant provided that no defaults occur under the grant agreement. Should a default occur under the agreement, the Organization is liable for the remaining portion of the grant.

Deferred revenue consisted of \$19,200 and \$22,400 from AHP at September 30, 2013 and 2012, respectively.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 5 NOTES PAYABLE

Notes payable as of September 30, 2013 and 2012 consisted of the following:

	2013	2012
Interest-free not payable to the City of Chicago single payment, maturing on May 12, 2033, collateralized by a first mortgage on the related building and land.	\$ 2,518,854	\$ 2,518,854
Interest-free note payable to the Illinois Housing Development Authority, due in monthly payments of \$688, maturing in September of 2046, secured by the related land and buildings.	272,937	281,187
	2,791,791	2,800,041
Less: Current Portion	(8,250)	(8,250)
	\$ 2,783,541	\$ 2,791,791

Future scheduled maturities of long-term debt are as follows:

Years Ending September 30:	Amount
2014	\$ 8,250
2015	8,250
2016	8,250
2017	8,250
2018	8,250
Thereafter	2,750,541
	\$ 2,791,791

Interest expense was \$7 and \$6 at September 30, 2013 and 2012, respectively.

NOTE 6 UNRESTRICTED NET ASSETS

Unrestricted net assets consisted of the following at September 30, 2013:

	Beginning Balance	Increases/ (Decreases)	Uses of Board- Designated Funds	Transfers In (Out)	Ending Balance
Unrestricted, Undesignated	\$ 449,343	\$ (199,912)	\$ -	\$ 249,630	\$ 499,061
Operating Reserve	315,000	-	-	(315,000)	-
Board-Designated Building Reserve	280,000	-	(8,885)	28,611	299,726
Board-Designated Special Projects Reserve	93,000	-	(67,410)	36,759	62,349
Total Unrestricted Net Assets	\$ 1,137,343	\$ (199,912)	\$ (76,295)	\$ -	\$ 861,136

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 6 UNRESTRICTED NET ASSETS (CONTINUED)

The replacement of building equipment expense of \$17,205 includes \$8,320 of an in-kind donation related to a water heater at the Pat Crowley House, and \$8,885 for the replacement of a water heater at the Nathalie Salmon House. The board designated only the use of \$8,885 from the board-designated building reserve. The Organization used \$67,410 from the board-designated special projects reserve for operating expenses.

Unrestricted net assets consisted of the following at September 30, 2012:

	Beginning Balance	Increases/ (Decreases)	Uses of Board- Designated Funds	Transfers In (Out)	Ending Balance
Unrestricted, Undesignated Operating Reserve	\$ 1,282,345	\$ (145,002)	\$ -	\$ (688,000)	\$ 449,343
Board-Designated Building Reserve	-	-	-	280,000	280,000
Board-Designated Special Projects Reserve	-	-	-	93,000	93,000
Total Unrestricted Net Assets	\$ 1,282,345	\$ (145,002)	\$ -	\$ -	\$ 1,137,343

NOTE 7 TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets consisted of the following at September 30, 2013 and 2012:

	2013	2012
Fundraising, Marketing, and Communications	\$ -	\$ 14,754
Home Depot Gift Card	-	232
IFDA donation for NSH Floor Coverings	5,000	-
Other	3,200	3,200
	\$ 8,200	\$ 18,186

NOTE 8 GAIN/LOSS ON INVOLUNTARY CONVERSION

In July of 2012, a fire damaged a portion of the building located at Nathalie Salmon House. During the fiscal year ended September 30, 2012, the Organization settled its insurance claim related to the fire. Management believes the insurance settlement will provide them with enough funds to restore the premises and repair fire damage. The Organization received \$17,820 and \$44,618 in insurance proceeds as of September 30, 2013 and 2012, respectively. After expenses incurred for repair and restoration were applied, the loss on involuntary conversion of \$10,478 and the gain on the involuntary conversion of \$13,365 as of September 30, 2013 and 2012, respectively, was recorded as part of other income on the Statements of Activities.

HOUSING OPPORTUNITIES AND MAINTENANCE FOR THE ELDERLY, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2013 AND 2012

NOTE 9 OPERATING LEASE COMMITMENT

The Organization is committed under a lease agreement for office space through July 2015. The lease provides for a base monthly rental, plus a percentage of the property taxes based on the Organization's proportionate share of the lease space. Rent expense was \$33,620 and \$30,928, respectively, for the years ended September 30, 2013 and 2012.

Future minimum payments on the lease are as follows:

<u>Years Ending September 30:</u>	<u>Amount</u>
2014	\$ 32,946
2015	28,138
	<u>\$ 61,084</u>

NOTE 10 RETIREMENT PLAN

The Organization has a contributory, defined contribution retirement plan covering full-time employees who have met certain requirements as to length of service and age. Annual contributions to the plan are made at the discretion of the board of directors. Total retirement plan expense for the years ended September 30, 2013 and 2012 was \$1,450 and \$1,600, respectively.

NOTE 11 RELATED PARTY TRANSACTIONS

At September 30, 2013 and 2012, the Organization received \$10,492 and \$15,491, respectively, in individual contributions from its board members.

NOTE 12 SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through January 21, 2014, the date the financial statements were available to be issued.