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Form **990**

Return of Organization Exempt From Income Tax
Under section 501(c), 527, or 4947(a)(1) of the Internal Revenue Code (except private foundations)

OMB No 1545-0047

2013

Department of the Treasury
Internal Revenue Service

Do not enter Social Security numbers on this form as it may be made public.
Information about Form 990 and its instructions is at www.irs.gov/form990

Open to Public Inspection

A For the 2013 calendar year, or tax year beginning and ending

B Check if applicable:
 Address change
 Name change
 Initial return
 Terminated
 Amended return
 Application pending

C Name of organization: **FMH FOUNDATION**
 Doing Business As
 Number and street (or P.O. box if mail is not delivered to street address) Room/suite
666 DUNDEE ROAD 707
 City or town, state or province, country, and ZIP or foreign postal code
NORTHBROOK, IL 60062-2734

D Employer identification number: **36-2129183**

E Telephone number: **(847) 714-1155**

G Gross receipts \$: **28,939,244.**

F Name and address of principal officer: **MELVIN J. KLEIN**
666 DUNDEE ROAD, SUITE 707, NORTHBROOK, IL

H(a) Is this a group return for subordinates? Yes No
H(b) Are all subordinates included? Yes No
 If "No," attach a list (see instructions)

H(c) Group exemption number

I Tax-exempt status: 501(c)(3) 501(c) () (insert no.) 4947(a)(1) or 527

J Website: **N/A**

K Form of organization: Corporation Trust Association Other

L Year of formation: **1981** **M** State of legal domicile: **IL**

Part I Summary		Prior Year	Current Year
Activities & Governance	1 Briefly describe the organization's mission or most significant activities: PROVIDE RETIREMENT HOUSING FOR LOW INCOME AND DISABLED ELDERLY.		
	2 Check this box <input type="checkbox"/> if the organization discontinued its operations or disposed of more than 25% of its net assets		
	3 Number of voting members of the governing body (Part VI, line 1a)	3	3
	4 Number of independent voting members of the governing body (Part VI, line 1b)	4	1
	5 Total number of individuals employed in calendar year 2013 (Part V, line 2a)	5	4
	6 Total number of volunteers (estimate if necessary)	6	0
	7a Total unrelated business revenue from Part VIII, column (C), line 12	7a	0.
b Net unrelated business taxable income from Form 990-T, line 34	7b	0.	
Revenue	8 Contributions and grants (Part VIII, line 1h)	0.	100,000.
	9 Program service revenue (Part VIII, line 2g)	4,529,552.	4,597,335.
	10 Investment income (Part VIII, column (A), lines 3, 4, and 7d)	115,503.	1,212,453.
	11 Other revenue (Part VIII, column (A), lines 5, 6d, 8c, 9c, 10c, and 11e)	1,158,342.	1,604,657.
	12 Total revenue - add lines 8 through 11 (must equal Part VIII, column (A), line 12)	5,803,397.	7,514,445.
Expenses	13 Grants and similar amounts paid (Part IX, column (A), lines 1-3)	0.	0.
	14 Benefits paid to or for members (Part IX, column (A), line 4)	0.	0.
	15 Salaries, other compensation, employee benefits (Part IX, column (A), lines 5-10)	2,612,987.	2,488,131.
	16a Professional fundraising fees (Part IX, column (A), line 11e)	0.	0.
	b Total fundraising expenses (Part IX, column (D), line 25)		0.
	17 Other expenses (Part IX, column (A), lines 11a-11d, 11f-24e)	4,211,655.	4,141,785.
	18 Total expenses. Add lines 13-17 (must equal Part IX, column (A), line 25)	6,824,642.	6,629,916.
19 Revenue less expenses Subtract line 18 from line 12	<1,021,245.>	884,529.	
Net Assets or Fund Balances	20 Total assets (Part X, line 16)	Beginning of Current Year 24,852,818.	End of Year 26,037,860.
	21 Total liabilities (Part X, line 26)	22,977,660.	22,645,260.
	22 Net assets or fund balances Subtract line 21 from line 20	1,875,158.	3,392,600.

Part II Signature Block

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here: Signature of officer: **MELVIN J. KLEIN, OFFICER** Date: **6/18/14**

Paid Preparer: Print/Type preparer's name: **SUSAN ROLEK** Preparer's signature: *Susan Rolek* Date: **6-16-14** Check if self-employed: PTIN: **P00110196**

Use Only: Firm's name: **CBIZ MHM, LLC** Firm's EIN: **34-1853929**
 Firm's address: **225 WEST WACKER DR., STE. 2500 CHICAGO, IL 60606** Phone no: **312-602-6800**

May the IRS discuss this return with the preparer shown above? (see instructions) Yes No

332001 10-29-13 LHA For Paperwork Reduction Act Notice, see the separate instructions. Form **990** (2013)

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Part III Statement of Program Service Accomplishments

Check if Schedule O contains a response or note to any line in this Part III

1 Briefly describe the organization's mission: THE CORPORATION IS ORGANIZED EXCLUSIVELY FOR CHARITABLE, EDUCATIONAL AND SCIENTIFIC PURPOSES INCLUDING, BUT NOT LIMITED TO, OPERATING HOSPITALS, RETIREMENT HOMES AND HOUSING FOR LOW INCOME AND DISABLED ELDERLY.

2 Did the organization undertake any significant program services during the year which were not listed on the prior Form 990 or 990-EZ? [] Yes [X] No

3 Did the organization cease conducting, or make significant changes in how it conducts, any program services? [] Yes [X] No

4 Describe the organization's program service accomplishments for each of its three largest program services, as measured by expenses Section 501(c)(3) and 501(c)(4) organizations are required to report the amount of grants and allocations to others, the total expenses, and revenue, if any, for each program service reported

4a (Code) (Expenses \$ 4,479,243. including grants of \$) (Revenue \$ 4,597,335.) HOUSING FOR LOW-INCOME AND DISABLED ELDERLY

4b (Code) (Expenses \$ including grants of \$) (Revenue \$)

4c (Code) (Expenses \$ including grants of \$) (Revenue \$)

4d Other program services (Describe in Schedule O.) (Expenses \$ including grants of \$) (Revenue \$)

4e Total program service expenses 4,479,243.

Part IV Checklist of Required Schedules

	Yes	No
1 Is the organization described in section 501(c)(3) or 4947(a)(1) (other than a private foundation)? <i>If "Yes," complete Schedule A</i>	X	
2 Is the organization required to complete <i>Schedule B, Schedule of Contributors</i> ?	X	
3 Did the organization engage in direct or indirect political campaign activities on behalf of or in opposition to candidates for public office? <i>If "Yes," complete Schedule C, Part I</i>		X
4 Section 501(c)(3) organizations. Did the organization engage in lobbying activities, or have a section 501(h) election in effect during the tax year? <i>If "Yes," complete Schedule C, Part II</i>		X
5 Is the organization a section 501(c)(4), 501(c)(5), or 501(c)(6) organization that receives membership dues, assessments, or similar amounts as defined in Revenue Procedure 98-19? <i>If "Yes," complete Schedule C, Part III</i>		X
6 Did the organization maintain any donor advised funds or any similar funds or accounts for which donors have the right to provide advice on the distribution or investment of amounts in such funds or accounts? <i>If "Yes," complete Schedule D, Part I</i>		X
7 Did the organization receive or hold a conservation easement, including easements to preserve open space, the environment, historic land areas, or historic structures? <i>If "Yes," complete Schedule D, Part II</i>		X
8 Did the organization maintain collections of works of art, historical treasures, or other similar assets? <i>If "Yes," complete Schedule D, Part III</i>		X
9 Did the organization report an amount in Part X, line 21, for escrow or custodial account liability; serve as a custodian for amounts not listed in Part X; or provide credit counseling, debt management, credit repair, or debt negotiation services? <i>If "Yes," complete Schedule D, Part IV</i>		X
10 Did the organization, directly or through a related organization, hold assets in temporarily restricted endowments, permanent endowments, or quasi-endowments? <i>If "Yes," complete Schedule D, Part V</i>		X
11 If the organization's answer to any of the following questions is "Yes," then complete Schedule D, Parts VI, VII, VIII, IX, or X as applicable.		
a Did the organization report an amount for land, buildings, and equipment in Part X, line 10? <i>If "Yes," complete Schedule D, Part VI</i>	X	
b Did the organization report an amount for investments - other securities in Part X, line 12 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VII</i>		X
c Did the organization report an amount for investments - program related in Part X, line 13 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part VIII</i>		X
d Did the organization report an amount for other assets in Part X, line 15 that is 5% or more of its total assets reported in Part X, line 16? <i>If "Yes," complete Schedule D, Part IX</i>	X	
e Did the organization report an amount for other liabilities in Part X, line 25? <i>If "Yes," complete Schedule D, Part X</i>		X
f Did the organization's separate or consolidated financial statements for the tax year include a footnote that addresses the organization's liability for uncertain tax positions under FIN 48 (ASC 740)? <i>If "Yes," complete Schedule D, Part X</i>		X
12a Did the organization obtain separate, independent audited financial statements for the tax year? <i>If "Yes," complete Schedule D, Parts XI and XII</i>	X	
b Was the organization included in consolidated, independent audited financial statements for the tax year? <i>If "Yes," and if the organization answered "No" to line 12a, then completing Schedule D, Parts XI and XII is optional</i>		X
13 Is the organization a school described in section 170(b)(1)(A)(ii)? <i>If "Yes," complete Schedule E</i>		X
14a Did the organization maintain an office, employees, or agents outside of the United States?		X
b Did the organization have aggregate revenues or expenses of more than \$10,000 from grantmaking, fundraising, business, investment, and program service activities outside the United States, or aggregate foreign investments valued at \$100,000 or more? <i>If "Yes," complete Schedule F, Parts I and IV</i>		X
15 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of grants or other assistance to or for any foreign organization? <i>If "Yes," complete Schedule F, Parts II and IV</i>		X
16 Did the organization report on Part IX, column (A), line 3, more than \$5,000 of aggregate grants or other assistance to or for foreign individuals? <i>If "Yes," complete Schedule F, Parts III and IV</i>		X
17 Did the organization report a total of more than \$15,000 of expenses for professional fundraising services on Part IX, column (A), lines 6 and 11e? <i>If "Yes," complete Schedule G, Part I</i>		X
18 Did the organization report more than \$15,000 total of fundraising event gross income and contributions on Part VIII, lines 1c and 8a? <i>If "Yes," complete Schedule G, Part II</i>		X
19 Did the organization report more than \$15,000 of gross income from gaming activities on Part VIII, line 9a? <i>If "Yes," complete Schedule G, Part III</i>		X
20a Did the organization operate one or more hospital facilities? <i>If "Yes," complete Schedule H</i>		X
b If "Yes" to line 20a, did the organization attach a copy of its audited financial statements to this return?		

Form 990 (2013)

Part IV Checklist of Required Schedules (continued)

	Yes	No
21 Did the organization report more than \$5,000 of grants or other assistance to any domestic organization or government on Part IX, column (A), line 1? If "Yes," complete Schedule I, Parts I and II		X
22 Did the organization report more than \$5,000 of grants or other assistance to individuals in the United States on Part IX, column (A), line 2? If "Yes," complete Schedule I, Parts I and III		X
23 Did the organization answer "Yes" to Part VII, Section A, line 3, 4, or 5 about compensation of the organization's current and former officers, directors, trustees, key employees, and highest compensated employees? If "Yes," complete Schedule J	X	
24a Did the organization have a tax-exempt bond issue with an outstanding principal amount of more than \$100,000 as of the last day of the year, that was issued after December 31, 2002? If "Yes," answer lines 24b through 24d and complete Schedule K. If "No," go to line 25a		X
b Did the organization invest any proceeds of tax-exempt bonds beyond a temporary period exception?		
c Did the organization maintain an escrow account other than a refunding escrow at any time during the year to defease any tax-exempt bonds?		
d Did the organization act as an "on behalf of" issuer for bonds outstanding at any time during the year?		
25a Section 501(c)(3) and 501(c)(4) organizations. Did the organization engage in an excess benefit transaction with a disqualified person during the year? If "Yes," complete Schedule L, Part I		X
b Is the organization aware that it engaged in an excess benefit transaction with a disqualified person in a prior year, and that the transaction has not been reported on any of the organization's prior Forms 990 or 990-EZ? If "Yes," complete Schedule L, Part I		X
26 Did the organization report any amount on Part X, line 5, 6, or 22 for receivables from or payables to any current or former officers, directors, trustees, key employees, highest compensated employees, or disqualified persons? If so, complete Schedule L, Part II	X	
27 Did the organization provide a grant or other assistance to an officer, director, trustee, key employee, substantial contributor or employee thereof, a grant selection committee member, or to a 35% controlled entity or family member of any of these persons? If "Yes," complete Schedule L, Part III		X
28 Was the organization a party to a business transaction with one of the following parties (see Schedule L, Part IV instructions for applicable filing thresholds, conditions, and exceptions)		
a A current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
b A family member of a current or former officer, director, trustee, or key employee? If "Yes," complete Schedule L, Part IV		X
c An entity of which a current or former officer, director, trustee, or key employee (or a family member thereof) was an officer, director, trustee, or direct or indirect owner? If "Yes," complete Schedule L, Part IV		X
29 Did the organization receive more than \$25,000 in non-cash contributions? If "Yes," complete Schedule M		X
30 Did the organization receive contributions of art, historical treasures, or other similar assets, or qualified conservation contributions? If "Yes," complete Schedule M		X
31 Did the organization liquidate, terminate, or dissolve and cease operations? If "Yes," complete Schedule N, Part I		X
32 Did the organization sell, exchange, dispose of, or transfer more than 25% of its net assets? If "Yes," complete Schedule N, Part II		X
33 Did the organization own 100% of an entity disregarded as separate from the organization under Regulations sections 301.7701-2 and 301.7701-3? If "Yes," complete Schedule R, Part I		X
34 Was the organization related to any tax-exempt or taxable entity? If "Yes," complete Schedule R, Part II, III, or IV, and Part V, line 1	X	
35a Did the organization have a controlled entity within the meaning of section 512(b)(13)?		X
b If "Yes" to line 35a, did the organization receive any payment from or engage in any transaction with a controlled entity within the meaning of section 512(b)(13)? If "Yes," complete Schedule R, Part V, line 2		
36 Section 501(c)(3) organizations. Did the organization make any transfers to an exempt non-charitable related organization? If "Yes," complete Schedule R, Part V, line 2		X
37 Did the organization conduct more than 5% of its activities through an entity that is not a related organization and that is treated as a partnership for federal income tax purposes? If "Yes," complete Schedule R, Part VI		X
38 Did the organization complete Schedule O and provide explanations in Schedule O for Part VI, lines 11b and 19?	X	

Note. All Form 990 filers are required to complete Schedule O

Part V Statements Regarding Other IRS Filings and Tax Compliance

Check if Schedule O contains a response or note to any line in this Part V

		Yes	No
1a	Enter the number reported in Box 3 of Form 1096. Enter -0- if not applicable. 1a 3		
1b	Enter the number of Forms W-2G included in line 1a. Enter -0- if not applicable. 1b 0		
c	Did the organization comply with backup withholding rules for reportable payments to vendors and reportable gaming (gambling) winnings to prize winners? 1c	X	
2a	Enter the number of employees reported on Form W-3, Transmittal of Wage and Tax Statements, filed for the calendar year ending with or within the year covered by this return. 2a 4		
b	If at least one is reported on line 2a, did the organization file all required federal employment tax returns? Note. If the sum of lines 1a and 2a is greater than 250, you may be required to e-file (see instructions) 2b	X	
3a	Did the organization have unrelated business gross income of \$1,000 or more during the year? 3a		X
b	If "Yes," has it filed a Form 990-T for this year? If "No," to line 3b, provide an explanation in Schedule O 3b		
4a	At any time during the calendar year, did the organization have an interest in, or a signature or other authority over, a financial account in a foreign country (such as a bank account, securities account, or other financial account)? 4a		X
b	If "Yes," enter the name of the foreign country: See instructions for filing requirements for Form TD F 90-22.1, Report of Foreign Bank and Financial Accounts. 4b		
5a	Was the organization a party to a prohibited tax shelter transaction at any time during the tax year? 5a		X
b	Did any taxable party notify the organization that it was or is a party to a prohibited tax shelter transaction? 5b		X
c	If "Yes," to line 5a or 5b, did the organization file Form 8886-T? 5c		
6a	Does the organization have annual gross receipts that are normally greater than \$100,000, and did the organization solicit any contributions that were not tax deductible as charitable contributions? 6a		X
b	If "Yes," did the organization include with every solicitation an express statement that such contributions or gifts were not tax deductible? 6b		
7	Organizations that may receive deductible contributions under section 170(c).		
a	Did the organization receive a payment in excess of \$75 made partly as a contribution and partly for goods and services provided to the payor? 7a		X
b	If "Yes," did the organization notify the donor of the value of the goods or services provided? 7b		
c	Did the organization sell, exchange, or otherwise dispose of tangible personal property for which it was required to file Form 8282? 7c		X
d	If "Yes," indicate the number of Forms 8282 filed during the year 7d		
e	Did the organization receive any funds, directly or indirectly, to pay premiums on a personal benefit contract? 7e		X
f	Did the organization, during the year, pay premiums, directly or indirectly, on a personal benefit contract? 7f		X
g	If the organization received a contribution of qualified intellectual property, did the organization file Form 8899 as required? 7g		
h	If the organization received a contribution of cars, boats, airplanes, or other vehicles, did the organization file a Form 1098-C? 7h		
8	Sponsoring organizations maintaining donor advised funds and section 509(a)(3) supporting organizations. Did the supporting organization, or a donor advised fund maintained by a sponsoring organization, have excess business holdings at any time during the year? 8		
9	Sponsoring organizations maintaining donor advised funds.		
a	Did the organization make any taxable distributions under section 4966? 9a		
b	Did the organization make a distribution to a donor, donor advisor, or related person? 9b		
10	Section 501(c)(7) organizations. Enter		
a	Initiation fees and capital contributions included on Part VIII, line 12 10a		
b	Gross receipts, included on Form 990, Part VIII, line 12, for public use of club facilities 10b		
11	Section 501(c)(12) organizations. Enter		
a	Gross income from members or shareholders 11a		
b	Gross income from other sources (Do not net amounts due or paid to other sources against amounts due or received from them.) 11b		
12a	Section 4947(a)(1) non-exempt charitable trusts. Is the organization filing Form 990 in lieu of Form 1041? 12a		
b	If "Yes," enter the amount of tax-exempt interest received or accrued during the year 12b		
13	Section 501(c)(29) qualified nonprofit health insurance issuers.		
a	Is the organization licensed to issue qualified health plans in more than one state? Note. See the instructions for additional information the organization must report on Schedule O 13a		
b	Enter the amount of reserves the organization is required to maintain by the states in which the organization is licensed to issue qualified health plans 13b		
c	Enter the amount of reserves on hand 13c		
14a	Did the organization receive any payments for indoor tanning services during the tax year? 14a		X
b	If "Yes," has it filed a Form 720 to report these payments? If "No," provide an explanation in Schedule O 14b		

Part VI Governance, Management, and Disclosure For each "Yes" response to lines 2 through 7b below, and for a "No" response to line 8a, 8b, or 10b below, describe the circumstances, processes, or changes in Schedule O. See instructions.

Check if Schedule O contains a response or note to any line in this Part VI

Section A. Governing Body and Management

		Yes	No
1a	Enter the number of voting members of the governing body at the end of the tax year. If there are material differences in voting rights among members of the governing body, or if the governing body delegated broad authority to an executive committee or similar committee, explain in Schedule O.		
1b	Enter the number of voting members included in line 1a, above, who are independent.		
2	Did any officer, director, trustee, or key employee have a family relationship or a business relationship with any other officer, director, trustee, or key employee?		X
3	Did the organization delegate control over management duties customarily performed by or under the direct supervision of officers, directors, or trustees, or key employees to a management company or other person?		X
4	Did the organization make any significant changes to its governing documents since the prior Form 990 was filed?		X
5	Did the organization become aware during the year of a significant diversion of the organization's assets?		X
6	Did the organization have members or stockholders?		X
7a	Did the organization have members, stockholders, or other persons who had the power to elect or appoint one or more members of the governing body?		X
7b	Are any governance decisions of the organization reserved to (or subject to approval by) members, stockholders, or persons other than the governing body?		X
8	Did the organization contemporaneously document the meetings held or written actions undertaken during the year by the following:		
8a	a The governing body?	X	
8b	b Each committee with authority to act on behalf of the governing body?	X	
9	Is there any officer, director, trustee, or key employee listed in Part VII, Section A, who cannot be reached at the organization's mailing address? If "Yes," provide the names and addresses in Schedule O.		X

Section B. Policies (This Section B requests information about policies not required by the Internal Revenue Code.)

		Yes	No
10a	Did the organization have local chapters, branches, or affiliates?		X
10b	If "Yes," did the organization have written policies and procedures governing the activities of such chapters, affiliates, and branches to ensure their operations are consistent with the organization's exempt purposes?		
11a	Has the organization provided a complete copy of this Form 990 to all members of its governing body before filing the form?	X	
12a	Did the organization have a written conflict of interest policy? If "No," go to line 13.	X	
12b	Were officers, directors, or trustees, and key employees required to disclose annually interests that could give rise to conflicts?	X	
12c	Did the organization regularly and consistently monitor and enforce compliance with the policy? If "Yes," describe in Schedule O how this was done.		X
13	Did the organization have a written whistleblower policy?	X	
14	Did the organization have a written document retention and destruction policy?	X	
15	Did the process for determining compensation of the following persons include a review and approval by independent persons, comparability data, and contemporaneous substantiation of the deliberation and decision?		
15a	a The organization's CEO, Executive Director, or top management official		X
15b	b Other officers or key employees of the organization. If "Yes" to line 15a or 15b, describe the process in Schedule O (see instructions).		X
16a	Did the organization invest in, contribute assets to, or participate in a joint venture or similar arrangement with a taxable entity during the year?		X
16b	If "Yes," did the organization follow a written policy or procedure requiring the organization to evaluate its participation in joint venture arrangements under applicable federal tax law, and take steps to safeguard the organization's exempt status with respect to such arrangements?		

Section C. Disclosure

- 17** List the states with which a copy of this Form 990 is required to be filed: IL
- 18** Section 6104 requires an organization to make its Forms 1023 (or 1024 if applicable), 990, and 990-T (Section 501(c)(3)s only) available for public inspection. Indicate how you made these available. Check all that apply.
 Own website Another's website Upon request Other (explain in Schedule O)
- 19** Describe in Schedule O whether (and if so, how), the organization made its governing documents, conflict of interest policy, and financial statements available to the public during the tax year.
- 20** State the name, physical address, and telephone number of the person who possesses the books and records of the organization: MELVIN J. KLEIN - 847-714-1155
666 DUNDEE, SUITE 707, NORTHBROOK, IL 60062-2734

Part VIII Statement of Revenue

Check if Schedule O contains a response or note to any line in this Part VIII

			(A) Total revenue	(B) Related or exempt function revenue	(C) Unrelated business revenue	(D) Revenue excluded from tax under sections 512 - 514	
Contributions, Gifts, Grants and Other Similar Amounts	1 a Federated campaigns	1a					
	b Membership dues	1b					
	c Fundraising events	1c					
	d Related organizations	1d					
	e Government grants (contributions)	1e					
	f All other contributions, gifts, grants, and similar amounts not included above	1f	100,000.				
	g Noncash contributions included in lines 1a-1f \$						
	h Total. Add lines 1a-1f			100,000.			
Program Service Revenue	2 a <u>LOW INC. ELDERLY HOUSING</u>	Business Code 531390	4,597,335.	4,597,335.			
	b						
	c						
	d						
	e						
	f All other program service revenue						
	g Total. Add lines 2a-2f			4,597,335.			
Other Revenue	3 Investment income (including dividends, interest, and other similar amounts)		305,693.			305,693.	
	4 Income from investment of tax-exempt bond proceeds						
	5 Royalties						
	6 a Gross rents	(i) Real	(ii) Personal				
		b Less: rental expenses					
		c Rental income or (loss)					
		d Net rental income or (loss)					
	7 a Gross amount from sales of assets other than inventory	(i) Securities	(ii) Other				
		22,331,559.					
		b Less: cost or other basis and sales expenses		21,424,799.			
		c Gain or (loss)		906,760.			
	d Net gain or (loss)			906,760.		906,760.	
	8 a Gross income from fundraising events (not including \$ _____ of contributions reported on line 1c). See Part IV, line 18	a					
		b Less: direct expenses					
		c Net income or (loss) from fundraising events					
9 a Gross income from gaming activities. See Part IV, line 19	a						
	b Less: direct expenses						
	c Net income or (loss) from gaming activities						
10 a Gross sales of inventory, less returns and allowances	a						
	b Less: cost of goods sold						
	c Net income or (loss) from sales of inventory						
Miscellaneous Revenue		Business Code					
11 a EXPENSE REIMBURSEMENT	900099		1,572,000.			1,572,000.	
b DECREASE IN OFFICER'S LIFE INSURA	900099		24,257.			24,257.	
c MISCELLANEOUS INCOME	900099		8,400.			8,400.	
d All other revenue							
e Total. Add lines 11a-11d			1,604,657.				
12 Total revenue. See instructions.			7,514,445.	4,597,335.	0.	2,817,110.	

Part IX Statement of Functional Expenses

Section 501(c)(3) and 501(c)(4) organizations must complete all columns. All other organizations must complete column (A)

Check if Schedule O contains a response or note to any line in this Part IX

Do not include amounts reported on lines 6b, 7b, 8b, 9b, and 10b of Part VIII	(A) Total expenses	(B) Program service expenses	(C) Management and general expenses	(D) Fundraising expenses
1 Grants and other assistance to governments and organizations in the United States. See Part IV, line 21				
2 Grants and other assistance to individuals in the United States. See Part IV, line 22				
3 Grants and other assistance to governments, organizations, and individuals outside the United States. See Part IV, lines 15 and 16				
4 Benefits paid to or for members				
5 Compensation of current officers, directors, trustees, and key employees	1,489,114.		1,489,114.	
6 Compensation not included above, to disqualified persons (as defined under section 4958(f)(1)) and persons described in section 4958(c)(3)(B)				
7 Other salaries and wages	532,788.	489,069.	43,719.	
8 Pension plan accruals and contributions (include section 401(k) and 403(b) employer contributions)	171,750.		171,750.	
9 Other employee benefits	197,477.	66,250.	131,227.	
10 Payroll taxes	97,002.	50,322.	46,680.	
11 Fees for services (non-employees):				
a Management	256,007.	256,007.		
b Legal	30,814.	1,218.	29,596.	
c Accounting	108,800.	50,100.	58,700.	
d Lobbying				
e Professional fundraising services. See Part IV, line 17				
f Investment management fees	7,602.		7,602.	
g Other (If line 11g amount exceeds 10% of line 25, column (A) amount, list line 11g expenses on Sch O.)				
12 Advertising and promotion	30,818.	19,238.	11,580.	
13 Office expenses				
14 Information technology				
15 Royalties				
16 Occupancy				
17 Travel	6,045.		6,045.	
18 Payments of travel or entertainment expenses for any federal, state, or local public officials				
19 Conferences, conventions, and meetings				
20 Interest	1,329,593.	1,329,593.		
21 Payments to affiliates				
22 Depreciation, depletion, and amortization	798,619.	787,000.	11,619.	
23 Insurance	135,229.	122,303.	12,926.	
24 Other expenses. Itemize expenses not covered above (List miscellaneous expenses in line 24e. If line 24e amount exceeds 10% of line 25, column (A) amount, list line 24e expenses on Schedule O.)				
a REPAIRS & MAINTENANCE	512,293.	508,648.	3,645.	
b UTILITIES	402,181.	399,353.	2,828.	
c GROUND LEASE EXPENSE	300,000.	300,000.		
d CONTRIBUTIONS	36,437.		36,437.	
e All other expenses	187,347.	100,142.	87,205.	
25 Total functional expenses. Add lines 1 through 24e	6,629,916.	4,479,243.	2,150,673.	0.
26 Joint costs. Complete this line only if the organization reported in column (B) joint costs from a combined educational campaign and fundraising solicitation				

Check here if following SOP 98-2 (ASC 958-720)

Part X Balance Sheet

Check if Schedule O contains a response or note to any line in this Part X

		(A) Beginning of year		(B) End of year
Assets	1 Cash - non-interest-bearing		1	
	2 Savings and temporary cash investments	633,398.	2	1,912,515.
	3 Pledges and grants receivable, net		3	
	4 Accounts receivable, net	9,625.	4	22,219.
	5 Loans and other receivables from current and former officers, directors, trustees, key employees, and highest compensated employees. Complete Part II of Schedule L	300,000.	5	
	6 Loans and other receivables from other disqualified persons (as defined under section 4958(f)(1)), persons described in section 4958(c)(3)(B), and contributing employers and sponsoring organizations of section 501(c)(9) voluntary employees' beneficiary organizations (see instr). Complete Part II of Sch L		6	
	7 Notes and loans receivable, net		7	
	8 Inventories for sale or use		8	
	9 Prepaid expenses and deferred charges	33,544.	9	35,189.
	10a Land, buildings, and equipment: cost or other basis. Complete Part VI of Schedule D	10a 27,339,394.		
	b Less accumulated depreciation	10b 14,674,014.	13,017,707.	10c 12,665,380.
	11 Investments - publicly traded securities	8,896,431.	11	9,621,199.
	12 Investments - other securities. See Part IV, line 11		12	
	13 Investments - program-related. See Part IV, line 11		13	
	14 Intangible assets		14	
	15 Other assets. See Part IV, line 11	1,962,113.	15	1,781,358.
16 Total assets. Add lines 1 through 15 (must equal line 34)	24,852,818.	16	26,037,860.	
Liabilities	17 Accounts payable and accrued expenses	576,072.	17	636,407.
	18 Grants payable		18	
	19 Deferred revenue		19	
	20 Tax-exempt bond liabilities		20	
	21 Escrow or custodial account liability. Complete Part IV of Schedule D		21	
	22 Loans and other payables to current and former officers, directors, trustees, key employees, highest compensated employees, and disqualified persons. Complete Part II of Schedule L		22	
	23 Secured mortgages and notes payable to unrelated third parties	22,401,588.	23	22,008,853.
	24 Unsecured notes and loans payable to unrelated third parties		24	
	25 Other liabilities (including federal income tax, payables to related third parties, and other liabilities not included on lines 17-24). Complete Part X of Schedule D		25	
	26 Total liabilities. Add lines 17 through 25	22,977,660.	26	22,645,260.
Net Assets or Fund Balances	Organizations that follow SFAS 117 (ASC 958), check here <input checked="" type="checkbox"/> and complete lines 27 through 29, and lines 33 and 34.			
	27 Unrestricted net assets	1,875,158.	27	3,292,600.
	28 Temporarily restricted net assets		28	100,000.
	29 Permanently restricted net assets		29	
	Organizations that do not follow SFAS 117 (ASC 958), check here <input type="checkbox"/> and complete lines 30 through 34.			
	30 Capital stock or trust principal, or current funds		30	
	31 Paid-in or capital surplus, or land, building, or equipment fund		31	
	32 Retained earnings, endowment, accumulated income, or other funds		32	
33 Total net assets or fund balances	1,875,158.	33	3,392,600.	
34 Total liabilities and net assets/fund balances	24,852,818.	34	26,037,860.	

Part XI Reconciliation of Net Assets

Check if Schedule O contains a response or note to any line in this Part XI

1	Total revenue (must equal Part VIII, column (A), line 12)	1	7,514,445.
2	Total expenses (must equal Part IX, column (A), line 25)	2	6,629,916.
3	Revenue less expenses Subtract line 2 from line 1	3	884,529.
4	Net assets or fund balances at beginning of year (must equal Part X, line 33, column (A))	4	1,875,158.
5	Net unrealized gains (losses) on investments	5	632,913.
6	Donated services and use of facilities	6	
7	Investment expenses	7	
8	Prior period adjustments	8	
9	Other changes in net assets or fund balances (explain in Schedule O)	9	0.
10	Net assets or fund balances at end of year. Combine lines 3 through 9 (must equal Part X, line 33, column (B))	10	3,392,600.

Part XII Financial Statements and Reporting

Check if Schedule O contains a response or note to any line in this Part XII

		Yes	No
1	Accounting method used to prepare the Form 990 <input type="checkbox"/> Cash <input checked="" type="checkbox"/> Accrual <input type="checkbox"/> Other _____ If the organization changed its method of accounting from a prior year or checked "Other," explain in Schedule O		
2a	Were the organization's financial statements compiled or reviewed by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were compiled or reviewed on a separate basis, consolidated basis, or both <input type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis		X
2b	Were the organization's financial statements audited by an independent accountant? If "Yes," check a box below to indicate whether the financial statements for the year were audited on a separate basis, consolidated basis, or both <input checked="" type="checkbox"/> Separate basis <input type="checkbox"/> Consolidated basis <input type="checkbox"/> Both consolidated and separate basis	X	
2c	If "Yes" to line 2a or 2b, does the organization have a committee that assumes responsibility for oversight of the audit, review, or compilation of its financial statements and selection of an independent accountant? If the organization changed either its oversight process or selection process during the tax year, explain in Schedule O.	X	
3a	As a result of a federal award, was the organization required to undergo an audit or audits as set forth in the Single Audit Act and OMB Circular A-133?		X
3b	If "Yes," did the organization undergo the required audit or audits? If the organization did not undergo the required audit or audits, explain why in Schedule O and describe any steps taken to undergo such audits		

Form 990 (2013)

SCHEDULE A
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Public Charity Status and Public Support

Complete if the organization is a section 501(c)(3) organization or a section 4947(a)(1) nonexempt charitable trust.
▶ Attach to Form 990 or Form 990-EZ.

OMB No 1545-0047

2013

Open to Public
Inspection

▶ Information about Schedule A (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990

Name of the organization **FMH FOUNDATION** Employer identification number **36-2129183**

Part I Reason for Public Charity Status (All organizations must complete this part.) See instructions

The organization is not a private foundation because it is: (For lines 1 through 11, check only one box.)

- 1 A church, convention of churches, or association of churches described in section 170(b)(1)(A)(i).
- 2 A school described in section 170(b)(1)(A)(ii). (Attach Schedule E.)
- 3 A hospital or a cooperative hospital service organization described in section 170(b)(1)(A)(iii).
- 4 A medical research organization operated in conjunction with a hospital described in section 170(b)(1)(A)(iii). Enter the hospital's name, city, and state: _____
- 5 An organization operated for the benefit of a college or university owned or operated by a governmental unit described in section 170(b)(1)(A)(iv). (Complete Part II.)
- 6 A federal, state, or local government or governmental unit described in section 170(b)(1)(A)(v).
- 7 An organization that normally receives a substantial part of its support from a governmental unit or from the general public described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 8 A community trust described in section 170(b)(1)(A)(vi). (Complete Part II.)
- 9 An organization that normally receives: (1) more than 33 1/3% of its support from contributions, membership fees, and gross receipts from activities related to its exempt functions - subject to certain exceptions, and (2) no more than 33 1/3% of its support from gross investment income and unrelated business taxable income (less section 511 tax) from businesses acquired by the organization after June 30, 1975. See section 509(a)(2). (Complete Part III.)
- 10 An organization organized and operated exclusively to test for public safety. See section 509(a)(4).
- 11 An organization organized and operated exclusively for the benefit of, to perform the functions of, or to carry out the purposes of one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2). See section 509(a)(3). Check the box that describes the type of supporting organization and complete lines 11e through 11h.
 - a Type I b Type II c Type III - Functionally integrated d Type III - Non-functionally integrated
- e By checking this box, I certify that the organization is not controlled directly or indirectly by one or more disqualified persons other than foundation managers and other than one or more publicly supported organizations described in section 509(a)(1) or section 509(a)(2).
- f If the organization received a written determination from the IRS that it is a Type I, Type II, or Type III supporting organization, check this box
- g Since August 17, 2006, has the organization accepted any gift or contribution from any of the following persons?
 - (i) A person who directly or indirectly controls, either alone or together with persons described in (ii) and (iii) below, the governing body of the supported organization?
 - (ii) A family member of a person described in (i) above?
 - (iii) A 35% controlled entity of a person described in (i) or (ii) above?
- h Provide the following information about the supported organization(s).

	Yes	No
11g(i)		
11g(ii)		
11g(iii)		

(i) Name of supported organization	(ii) EIN	(iii) Type of organization (described on lines 1-9 above or IRC section (see instructions))	(iv) Is the organization in col. (i) listed in your governing document?		(v) Did you notify the organization in col (i) of your support?		(vi) Is the organization in col (i) organized in the U.S.?		(vii) Amount of monetary support
			Yes	No	Yes	No	Yes	No	
Total									

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990 or 990-EZ. Schedule A (Form 990 or 990-EZ) 2013

Part II Support Schedule for Organizations Described in Sections 170(b)(1)(A)(iv) and 170(b)(1)(A)(vi)

(Complete only if you checked the box on line 5, 7, or 8 of Part I or if the organization failed to qualify under Part III. If the organization fails to qualify under the tests listed below, please complete Part III.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")						
2 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
3 The value of services or facilities furnished by a governmental unit to the organization without charge						
4 Total. Add lines 1 through 3						
5 The portion of total contributions by each person (other than a governmental unit or publicly supported organization) included on line 1 that exceeds 2% of the amount shown on line 11, column (f)						
6 Public support. Subtract line 5 from line 4						

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
7 Amounts from line 4						
8 Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources						
9 Net income from unrelated business activities, whether or not the business is regularly carried on						
10 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
11 Total support. Add lines 7 through 10						
12 Gross receipts from related activities, etc. (see instructions)					12	
13 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here ▶ <input type="checkbox"/>						

Section C. Computation of Public Support Percentage

14 Public support percentage for 2013 (line 6, column (f) divided by line 11, column (f))	14	%
15 Public support percentage from 2012 Schedule A, Part II, line 14	15	%
16a 33 1/3% support test - 2013. If the organization did not check the box on line 13, and line 14 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 33 1/3% support test - 2012. If the organization did not check a box on line 13 or 16a, and line 15 is 33 1/3% or more, check this box and stop here. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
17a 10% -facts-and-circumstances test - 2013. If the organization did not check a box on line 13, 16a, or 16b, and line 14 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
b 10% -facts-and-circumstances test - 2012. If the organization did not check a box on line 13, 16a, 16b, or 17a, and line 15 is 10% or more, and if the organization meets the "facts-and-circumstances" test, check this box and stop here. Explain in Part IV how the organization meets the "facts-and-circumstances" test. The organization qualifies as a publicly supported organization ▶ <input type="checkbox"/>		
18 Private foundation. If the organization did not check a box on line 13, 16a, 16b, 17a, or 17b, check this box and see instructions ▶ <input type="checkbox"/>		

Part III Support Schedule for Organizations Described in Section 509(a)(2)

(Complete only if you checked the box on line 9 of Part I or if the organization failed to qualify under Part II. If the organization fails to qualify under the tests listed below, please complete Part II.)

Section A. Public Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
1 Gifts, grants, contributions, and membership fees received. (Do not include any "unusual grants.")					100,000.	100,000.
2 Gross receipts from admissions, merchandise sold or services performed, or facilities furnished in any activity that is related to the organization's tax-exempt purpose	4,532,597.	4,487,408.	4,518,339.	4,529,552.	4,597,332.	22,665,228.
3 Gross receipts from activities that are not an unrelated trade or business under section 513						
4 Tax revenues levied for the organization's benefit and either paid to or expended on its behalf						
5 The value of services or facilities furnished by a governmental unit to the organization without charge						
6 Total. Add lines 1 through 5	4,532,597.	4,487,408.	4,518,339.	4,529,552.	4,697,332.	22,765,228.
7a Amounts included on lines 1, 2, and 3 received from disqualified persons						0.
b Amounts included on lines 2 and 3 received from other than disqualified persons that exceed the greater of \$5,000 or 1% of the amount on line 13 for the year						0.
c Add lines 7a and 7b						0.
8 Public support (Subtract line 7c from line 6)						22,765,228.

Section B. Total Support

Calendar year (or fiscal year beginning in) ▶	(a) 2009	(b) 2010	(c) 2011	(d) 2012	(e) 2013	(f) Total
9 Amounts from line 6	4,532,597.	4,487,408.	4,518,339.	4,529,552.	4,697,332.	22,765,228.
10a Gross income from interest, dividends, payments received on securities loans, rents, royalties and income from similar sources	305,468.	294,003.	310,654.	346,369.	305,694.	1,562,188.
b Unrelated business taxable income (less section 511 taxes) from businesses acquired after June 30, 1975						
c Add lines 10a and 10b	305,468.	294,003.	310,654.	346,369.	305,694.	1,562,188.
11 Net income from unrelated business activities not included in line 10b, whether or not the business is regularly carried on						
12 Other income. Do not include gain or loss from the sale of capital assets (Explain in Part IV)						
13 Total support (Add lines 9, 10c, 11, and 12)	4,838,065.	4,781,411.	4,828,993.	4,875,921.	5,003,026.	24,327,416.

14 First five years. If the Form 990 is for the organization's first, second, third, fourth, or fifth tax year as a section 501(c)(3) organization, check this box and stop here

Section C. Computation of Public Support Percentage

15 Public support percentage for 2013 (line 8, column (f) divided by line 13, column (f))	15	93.58 %
16 Public support percentage from 2012 Schedule A, Part III, line 15	16	93.85 %

Section D. Computation of Investment Income Percentage

17 Investment income percentage for 2013 (line 10c, column (f) divided by line 13, column (f))	17	6.42 %
18 Investment income percentage from 2012 Schedule A, Part III, line 17	18	6.15 %

19a 33 1/3% support tests - 2013. If the organization did not check the box on line 14, and line 15 is more than 33 1/3%, and line 17 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

b 33 1/3% support tests - 2012. If the organization did not check a box on line 14 or line 19a, and line 16 is more than 33 1/3%, and line 18 is not more than 33 1/3%, check this box and stop here. The organization qualifies as a publicly supported organization

20 Private foundation. If the organization did not check a box on line 14, 19a, or 19b, check this box and see instructions

FMH FOUNDATION

STATEMENT OF ACTIVITIES

Year Ended December 31, 2013

TOTAL REVENUE	<u>6,169,332</u>	<u>100,000</u>	<u>6,269,332</u>
EXPENSES			
Administrative expenses	2,139,055	-	2,139,055
Maywood apartments expenses (excluding depreciation)	1,526,483	-	1,526,483
River Oaks apartments expenses (excluding depreciation)	1,203,415	-	1,203,415
Skyline apartments expenses (excluding depreciation)	<u>962,345</u>	<u>-</u>	<u>962,345</u>
TOTAL EXPENSES	<u>5,831,298</u>	<u>-</u>	<u>5,831,298</u>
INCREASE IN NET ASSETS BEFORE OTHER INCOME AND DEPRECIATION AND AMORTIZATION EXPENSE	<u>338,034</u>	<u>100,000</u>	<u>438,034</u>
OTHER INCOME			
Interest and dividend income	305,694	-	305,694
Net realized and unrealized gains on investments	1,539,675	-	1,539,675
Increase in cash surrender value of officers' life insurance	24,257	-	24,257
Miscellaneous income	<u>8,400</u>	<u>-</u>	<u>8,400</u>
TOTAL OTHER INCOME (EXPENSES)	<u>1,878,026</u>	<u>-</u>	<u>1,878,026</u>
INCREASE IN NET ASSETS BEFORE DEPRECIATION AND AMORTIZATION EXPENSE	<u>2,216,060</u>	<u>100,000</u>	<u>2,316,060</u>
DEPRECIATION AND AMORTIZATION EXPENSE			
Depreciation	730,758	-	730,758
Amortization	<u>67,860</u>	<u>-</u>	<u>67,860</u>
TOTAL DEPRECIATION AND AMORTIZATION EXPENSE	<u>798,618</u>	<u>-</u>	<u>798,618</u>
INCREASE IN NET ASSETS	1,417,442	100,000	1,517,442
NET ASSETS, BEGINNING OF YEAR	<u>1,875,158</u>	<u>-</u>	<u>1,875,158</u>
TOTAL NET ASSETS	<u>\$ 3,292,600</u>	<u>\$ 100,000</u>	<u>\$ 3,392,600</u>

See Notes to Financial Statements

SCHEDULE D
(Form 990)

Department of the Treasury
Internal Revenue Service

Supplemental Financial Statements

▶ Complete if the organization answered "Yes," to Form 990, Part IV, line 6, 7, 8, 9, 10, 11a, 11b, 11c, 11d, 11e, 11f, 12a, or 12b.
▶ Attach to Form 990.

▶ Information about Schedule D (Form 990) and its instructions is at www.irs.gov/form990

OMB No 1545-0047

2013

Open to Public Inspection

Name of the organization **FMH FOUNDATION** Employer identification number **36-2129183**

Part I Organizations Maintaining Donor Advised Funds or Other Similar Funds or Accounts. Complete if the organization answered "Yes" to Form 990, Part IV, line 6

	(a) Donor advised funds	(b) Funds and other accounts
1 Total number at end of year		
2 Aggregate contributions to (during year)		
3 Aggregate grants from (during year)		
4 Aggregate value at end of year		
5 Did the organization inform all donors and donor advisors in writing that the assets held in donor advised funds are the organization's property, subject to the organization's exclusive legal control?		<input type="checkbox"/> Yes <input type="checkbox"/> No
6 Did the organization inform all grantees, donors, and donor advisors in writing that grant funds can be used only for charitable purposes and not for the benefit of the donor or donor advisor, or for any other purpose conferring impermissible private benefit?		<input type="checkbox"/> Yes <input type="checkbox"/> No

Part II Conservation Easements. Complete if the organization answered "Yes" to Form 990, Part IV, line 7.

- Purpose(s) of conservation easements held by the organization (check all that apply)

<input type="checkbox"/> Preservation of land for public use (e.g., recreation or education)	<input type="checkbox"/> Preservation of an historically important land area
<input type="checkbox"/> Protection of natural habitat	<input type="checkbox"/> Preservation of a certified historic structure
<input type="checkbox"/> Preservation of open space	
- Complete lines 2a through 2d if the organization held a qualified conservation contribution in the form of a conservation easement on the last day of the tax year

	Held at the End of the Tax Year
2a	
2b	
2c	
2d	

 - Total number of conservation easements
 - Total acreage restricted by conservation easements
 - Number of conservation easements on a certified historic structure included in (a)
 - Number of conservation easements included in (c) acquired after 8/17/06, and not on a historic structure listed in the National Register
- Number of conservation easements modified, transferred, released, extinguished, or terminated by the organization during the tax year ▶ _____
- Number of states where property subject to conservation easement is located ▶ _____
- Does the organization have a written policy regarding the periodic monitoring, inspection, handling of violations, and enforcement of the conservation easements it holds? Yes No
- Staff and volunteer hours devoted to monitoring, inspecting, and enforcing conservation easements during the year ▶ _____
- Amount of expenses incurred in monitoring, inspecting, and enforcing conservation easements during the year ▶ \$ _____
- Does each conservation easement reported on line 2(d) above satisfy the requirements of section 170(h)(4)(B)(i) and section 170(h)(4)(B)(ii)? Yes No
- In Part XIII, describe how the organization reports conservation easements in its revenue and expense statement, and balance sheet, and include, if applicable, the text of the footnote to the organization's financial statements that describes the organization's accounting for conservation easements

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 8.

- If the organization elected, as permitted under SFAS 116 (ASC 958), not to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide, in Part XIII, the text of the footnote to its financial statements that describes these items.
- If the organization elected, as permitted under SFAS 116 (ASC 958), to report in its revenue statement and balance sheet works of art, historical treasures, or other similar assets held for public exhibition, education, or research in furtherance of public service, provide the following amounts relating to these items

(i) Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
(ii) Assets included in Form 990, Part X	▶ \$ _____
- If the organization received or held works of art, historical treasures, or other similar assets for financial gain, provide the following amounts required to be reported under SFAS 116 (ASC 958) relating to these items:

a Revenues included in Form 990, Part VIII, line 1	▶ \$ _____
b Assets included in Form 990, Part X	▶ \$ _____

Part III Organizations Maintaining Collections of Art, Historical Treasures, or Other Similar Assets *(continued)*

3 Using the organization's acquisition, accession, and other records, check any of the following that are a significant use of its collection items (check all that apply)

- a Public exhibition
- b Scholarly research
- c Preservation for future generations
- d Loan or exchange programs
- e Other _____

4 Provide a description of the organization's collections and explain how they further the organization's exempt purpose in Part XIII

5 During the year, did the organization solicit or receive donations of art, historical treasures, or other similar assets to be sold to raise funds rather than to be maintained as part of the organization's collection? Yes No

Part IV Escrow and Custodial Arrangements. Complete if the organization answered "Yes" to Form 990, Part IV, line 9, or reported an amount on Form 990, Part X, line 21.

1a Is the organization an agent, trustee, custodian or other intermediary for contributions or other assets not included on Form 990, Part X? Yes No

b If "Yes," explain the arrangement in Part XIII and complete the following table:

	Amount
1c Beginning balance	
1d Additions during the year	
1e Distributions during the year	
1f Ending balance	

2a Did the organization include an amount on Form 990, Part X, line 21? Yes No

b If "Yes," explain the arrangement in Part XIII. Check here if the explanation has been provided in Part XIII

Part V Endowment Funds. Complete if the organization answered "Yes" to Form 990, Part IV, line 10.

	(a) Current year	(b) Prior year	(c) Two years back	(d) Three years back	(e) Four years back
1a Beginning of year balance					
b Contributions					
c Net investment earnings, gains, and losses					
d Grants or scholarships					
e Other expenditures for facilities and programs					
f Administrative expenses					
g End of year balance					

2 Provide the estimated percentage of the current year end balance (line 1g, column (a)) held as:

- a Board designated or quasi-endowment _____ %
- b Permanent endowment _____ %
- c Temporarily restricted endowment _____ %

The percentages in lines 2a, 2b, and 2c should equal 100%.

3a Are there endowment funds not in the possession of the organization that are held and administered for the organization by:

- (i) unrelated organizations
- (ii) related organizations

	Yes	No
3a(i)		
3a(ii)		
3b		

b If "Yes" to 3a(ii), are the related organizations listed as required on Schedule R?

4 Describe in Part XIII the intended uses of the organization's endowment funds.

Part VI Land, Buildings, and Equipment.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11a. See Form 990, Part X, line 10

Description of property	(a) Cost or other basis (investment)	(b) Cost or other basis (other)	(c) Accumulated depreciation	(d) Book value
1a Land		625,571.		625,571.
b Buildings		24,895,672.	13,080,508.	11,815,164.
c Leasehold improvements		374,600.	355,238.	19,362.
d Equipment		875,393.	723,910.	151,483.
e Other		568,158.	514,358.	53,800.

Total. Add lines 1a through 1e. (Column (d) must equal Form 990, Part X, column (B), line 10(c)) 12,665,380.

Part VII Investments - Other Securities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11b. See Form 990, Part X, line 12

(a) Description of security or category (including name of security)	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1) Financial derivatives		
(2) Closely-held equity interests		
(3) Other		
(A)		
(B)		
(C)		
(D)		
(E)		
(F)		
(G)		
(H)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 12.)		

Part VIII Investments - Program Related.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11c. See Form 990, Part X, line 13

(a) Description of investment	(b) Book value	(c) Method of valuation: Cost or end-of-year market value
(1)		
(2)		
(3)		
(4)		
(5)		
(6)		
(7)		
(8)		
(9)		
Total. (Col. (b) must equal Form 990, Part X, col. (B) line 13.)		

Part IX Other Assets.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11d. See Form 990, Part X, line 15.

(a) Description	(b) Book value
(1) COLLECTIBLE ART WORK	20,587.
(2) CASH SURRENDER VALUE OF OFFICERS' LIFE INSURANCE	555,391.
(3) RESTRICTED DEPOSITS & ESCROWS	611,240.
(4) GROUND LEASE RE-SUBORDINATION FEE	128,564.
(5) DEPOSITS HELD IN TRUST	10,921.
(6) INVESTMENT IN RANDHILL CEMETERY	314,170.
(7) DEFERRED BORROWING COSTS	140,485.
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 15)	1,781,358.

Part X Other Liabilities.

Complete if the organization answered "Yes" to Form 990, Part IV, line 11e or 11f. See Form 990, Part X, line 25

1. (a) Description of liability	(b) Book value
(1) Federal income taxes	
(2)	
(3)	
(4)	
(5)	
(6)	
(7)	
(8)	
(9)	
Total. (Column (b) must equal Form 990, Part X, col. (B) line 25)	

2. Liability for uncertain tax positions. In Part XIII, provide the text of the footnote to the organization's financial statements that reports the organization's liability for uncertain tax positions under FIN 48 (ASC 740). Check here if the text of the footnote has been provided in Part XIII

**SCHEDULE J
(Form 990)**

Compensation Information

OMB No 1545-0047

2013

For certain Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees

▶ Complete if the organization answered "Yes" on Form 990, Part IV, line 23.

▶ Attach to Form 990. ▶ See separate instructions.

▶ Information about Schedule J (Form 990) and its instructions is at www.irs.gov/form990

Open to Public Inspection

Department of the Treasury
Internal Revenue Service

Name of the organization

FMH FOUNDATION

Employer identification number

36-2129183

Part I Questions Regarding Compensation

1a Check the appropriate box(es) if the organization provided any of the following to or for a person listed in Form 990, Part VII, Section A, line 1a. Complete Part III to provide any relevant information regarding these items.

- | | |
|--|--|
| <input type="checkbox"/> First-class or charter travel | <input type="checkbox"/> Housing allowance or residence for personal use |
| <input type="checkbox"/> Travel for companions | <input type="checkbox"/> Payments for business use of personal residence |
| <input type="checkbox"/> Tax indemnification and gross-up payments | <input type="checkbox"/> Health or social club dues or initiation fees |
| <input type="checkbox"/> Discretionary spending account | <input type="checkbox"/> Personal services (e.g., maid, chauffeur, chef) |

	Yes	No
1b		
2		
3		
4a		X
4b		X
4c		X
5a		X
5b		X
6a		X
6b		X
7		X
8		X
9		

b If any of the boxes on line 1a are checked, did the organization follow a written policy regarding payment or reimbursement or provision of all of the expenses described above? If "No," complete Part III to explain

2 Did the organization require substantiation prior to reimbursing or allowing expenses incurred by all directors, trustees, and officers, including the CEO/Executive Director, regarding the items checked in line 1a?

3 Indicate which, if any, of the following the filing organization used to establish the compensation of the organization's CEO/Executive Director. Check all that apply. Do not check any boxes for methods used by a related organization to establish compensation of the CEO/Executive Director, but explain in Part III.

- | | |
|--|--|
| <input type="checkbox"/> Compensation committee | <input type="checkbox"/> Written employment contract |
| <input type="checkbox"/> Independent compensation consultant | <input checked="" type="checkbox"/> Compensation survey or study |
| <input type="checkbox"/> Form 990 of other organizations | <input type="checkbox"/> Approval by the board or compensation committee |

4 During the year, did any person listed in Form 990, Part VII, Section A, line 1a, with respect to the filing organization or a related organization:

- a** Receive a severance payment or change-of-control payment?
- b** Participate in, or receive payment from, a supplemental nonqualified retirement plan?
- c** Participate in, or receive payment from, an equity-based compensation arrangement?

If "Yes" to any of lines 4a-c, list the persons and provide the applicable amounts for each item in Part III

Only section 501(c)(3) and 501(c)(4) organizations must complete lines 5-9.

5 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the revenues of:

- a** The organization?
- b** Any related organization?

If "Yes" to line 5a or 5b, describe in Part III

6 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization pay or accrue any compensation contingent on the net earnings of:

- a** The organization?
- b** Any related organization?

If "Yes" to line 6a or 6b, describe in Part III.

7 For persons listed in Form 990, Part VII, Section A, line 1a, did the organization provide any non-fixed payments not described in lines 5 and 6? If "Yes," describe in Part III

8 Were any amounts reported in Form 990, Part VII, paid or accrued pursuant to a contract that was subject to the initial contract exception described in Regulations section 53.4958-4(a)(3)? If "Yes," describe in Part III

9 If "Yes" to line 8, did the organization also follow the rebuttable presumption procedure described in Regulations section 53.4958-6(c)?

LHA For Paperwork Reduction Act Notice, see the Instructions for Form 990.

Schedule J (Form 990) 2013

Part II Officers, Directors, Trustees, Key Employees, and Highest Compensated Employees. Use duplicate copies if additional space is needed
 For each individual whose compensation must be reported in Schedule J, report compensation from the organization on row (i) and from related organizations, described in the instructions, on row (ii)
 Do not list any individuals that are not listed on Form 990, Part VII.

Note. The sum of columns (B)(i)-(iii) for each listed individual must equal the total amount of Form 990, Part VII, Section A, line 1a, applicable column (D) and (E) amounts for that individual

(A) Name and Title	(B) Breakdown of W-2 and/or 1099-MISC compensation			(C) Retirement and other deferred compensation	(D) Nontaxable benefits	(E) Total of columns (B)(i)-(D)	(F) Compensation reported as deferred in prior Form 990
	(i) Base compensation	(ii) Bonus & incentive compensation	(iii) Other reportable compensation				
(1) ALLAN STEINBERG	513,120.	0.	40,000.	51,000.	38,212.	642,332.	0.
DIRECTOR/PRESIDENT	24,000.	0.	0.	0.	0.	24,000.	0.
(2) LINDA HIRSHMAN	485,385.	0.	40,000.	51,000.	30,226.	606,611.	0.
DIRECTOR/VICE PRESIDENT	24,000.	0.	0.	0.	0.	24,000.	0.
(3) MELVIN J. KLEIN	311,552.	58,410.	0.	51,000.	13,398.	434,360.	0.
ASST SEC/ASST TREASURER	24,000.	0.	0.	0.	0.	24,000.	0.
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							
(i)							
(ii)							

SCHEDULE O
(Form 990 or 990-EZ)

Department of the Treasury
Internal Revenue Service

Supplemental Information to Form 990 or 990-EZ

Complete to provide information for responses to specific questions on
Form 990 or 990-EZ or to provide any additional information.
▶ Attach to Form 990 or 990-EZ.

OMB No 1545-0047

2013

Open to Public
Inspection

▶ Information about Schedule O (Form 990 or 990-EZ) and its instructions is at www.irs.gov/form990

Name of the organization

FMH FOUNDATION

Employer identification number

36-2129183

FORM 990, PART VI, SECTION B, LINE 11:

EXPLANATION: ALL DIRECTORS AND OFFICERS REVIEW THE FOUNDATION'S FORM 990
BEFORE IT IS SIGNED AND FILED.

FORM 990, PART VI, SECTION C, LINE 19:

EXPLANATION: ALL DOCUMENTS ARE AVAILABLE FOR PUBLIC REVIEW AT THE OFFICE OF
FMH FOUNDATION.

FORM 990, PART XII, LINE 2C:

EXPLANATION: THE ORGANIZATION HAS NOT CHANGED EITHER ITS OVERSIGHT
PROCESS OR SELECTION PROCESS DURING THE CURRENT YEAR.

Part V Transactions With Related Organizations Complete if the organization answered "Yes" on Form 990, Part IV, line 34, 35b, or 36.

Note. Complete line 1 if any entity is listed in Parts II, III, or IV of this schedule

1 During the tax year, did the organization engage in any of the following transactions with one or more related organizations listed in Parts II-IV?

a Receipt of (i) interest (ii) annuities (iii) royalties or (iv) rent from a controlled entity

b Gift, grant, or capital contribution to related organization(s)

c Gift, grant, or capital contribution from related organization(s)

d Loans or loan guarantees to or for related organization(s)

e Loans or loan guarantees by related organization(s)

f Dividends from related organization(s)

g Sale of assets to related organization(s)

h Purchase of assets from related organization(s)

i Exchange of assets with related organization(s)

j Lease of facilities, equipment, or other assets to related organization(s)

k Lease of facilities, equipment, or other assets from related organization(s)

l Performance of services or membership or fundraising solicitations for related organization(s)

m Performance of services or membership or fundraising solicitations by related organization(s)

n Sharing of facilities, equipment, mailing lists, or other assets with related organization(s)

o Sharing of paid employees with related organization(s)

p Reimbursement paid to related organization(s) for expenses

q Reimbursement paid by related organization(s) for expenses

r Other transfer of cash or property to related organization(s)

s Other transfer of cash or property from related organization(s)

2 If the answer to any of the above is "Yes," see the instructions for information on who must complete this line, including covered relationships and transaction thresholds

(a) Name of related organization	(b) Transaction type (a-s)	(c) Amount involved	(d) Method of determining amount involved	Yes	No
(1) RANDHILL PARK CEMETERY ASSOCIATION	Q	1,140,000.	MONTHLY CHARGE - APPROVED BY BOD		X
(2) RANDHILL PARK CEMETERY ASSOCIATION	F	16,000.	DIVIDENDS PAID		X
(3) SHALOM MEMORIAL CHAPELS, INC.	Q	432,000.	MONTHLY CHARGE - APPROVED BY BOD		X
(4)					
(5)					
(6)					

Part VII Supplemental Information

Provide additional information for responses to questions on Schedule R (see instructions).

PART IV, IDENTIFICATION OF RELATED ORGANIZATIONS TAXABLE AS CORP OR TRUST:

NAME OF RELATED ORGANIZATION:

SHALOM MEMORIAL CHAPELS, INC.

DIRECT CONTROLLING ENTITY: RANDHILL PARK CEMETERY ASSOCIATION, INC.

**FMH FOUNDATION
(PARENT COMPANY ONLY)**

FINANCIAL STATEMENTS

Year Ended December 31, 2013



Mayer Hoffman McCann P.C.

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of

FMH FOUNDATION

We have audited the accompanying financial statements of FMH Foundation (an Illinois not-for-profit corporation), which comprise the statement of financial position as of December 31, 2013, and the related statements of activities and cash flows for the year 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 audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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 qualified audit opinion.

Basis for Qualified Opinion

As discussed in Note 1 to the financial statements, the Foundation reports its investment in Randhill Park Cemetery Association, Inc., a wholly owned subsidiary, at cost. In our opinion, accounting principles generally accepted in the United States of America require that all majority-owned subsidiaries be accounted for as consolidated subsidiaries. If the financial statements of Randhill Park Cemetery Association, Inc. had been consolidated with those of the Foundation, total assets would be increased by \$34,778,439, total liabilities would be increased by \$5,659,773 and net assets would be increased by \$29,118,666 as of December 31, 2013, and as reflected on the statement of activities the increase in unrestricted net assets would be an additional \$3,064,472 for the year then ended.

Qualified Opinion

In our opinion, except for the effect of not consolidating Randhill Park Cemetery Association, Inc., as discussed in the Basis for Qualified Opinion paragraph, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of FMH Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Mayer Hoffman McCarr P.C.

Chicago, Illinois
April 1, 2014

FMH FOUNDATION
STATEMENT OF FINANCIAL POSITION

December 31, 2013

ASSETS

CURRENT ASSETS

Cash	\$ 1,912,515
Marketable securities	9,621,199
Tenant receivables	22,219
Prepaid expenses and other assets	35,189
TOTAL CURRENT ASSETS	<u>11,591,122</u>

FIXED ASSETS

Buildings	24,895,672
Land improvements	363,116
Furniture and equipment	1,333,028
Automobiles	122,007
Artwork	20,587
	<u>26,734,410</u>
Less accumulated depreciation	14,674,014
NET BOOK VALUE	<u>12,060,396</u>
Land	625,571
TOTAL FIXED ASSETS	<u>12,685,967</u>

DEPOSITS HELD IN TRUST

Cash - restricted	144,350
Less tenant security deposits	(133,429)
TOTAL DEPOSITS HELD IN TRUST	<u>10,921</u>

RESTRICTED DEPOSITS AND FUNDED RESERVES

611,240

OTHER ASSETS

Investment in Randhill Park Cemetery Association, Inc.	314,170
Cash surrender value of officers' life insurance	555,391
Deferred borrowing costs (net of \$280,977 accumulated amortization)	140,485
Ground lease re-subordination fee (net of \$171,436 accumulated amortization)	128,564
TOTAL OTHER ASSETS	<u>1,138,610</u>

\$ 26,037,860

See Notes to Financial Statements

FMH FOUNDATION

STATEMENT OF FINANCIAL POSITION - Continued

December 31, 2013

LIABILITIES

CURRENT LIABILITIES

Current portion of long-term debt	\$ 416,926
Accounts payable	133,500
Accrued expenses	146,106
Accrued interest	112,006
Deferred rent	13,529
Ground lease payable - current portion	231,266
TOTAL CURRENT LIABILITIES	<u>1,053,333</u>

LONG-TERM LIABILITIES

Mortgage notes payable, net of current portion	<u>21,591,927</u>
--	-------------------

NET ASSETS

NET ASSETS

Unrestricted	3,292,600
Temporarily restricted	100,000
TOTAL NET ASSETS	<u>3,392,600</u>

TOTAL LIABILITIES AND NET ASSETS	<u>\$ 26,037,860</u>
---	-----------------------------

See Notes to Financial Statements

FMH FOUNDATION

STATEMENT OF CASH FLOWS

Year Ended December 31, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Increase in net assets	\$ 1,517,442
Adjustments to reconcile increase in net assets to net cash flows from operating activities:	
Depreciation and amortization	798,618
Bad debt expense	10
Gains on sale of marketable securities	(906,762)
Unrealized gains on market value of securities	(632,913)
Decrease (increase) in operating assets:	
Tenant receivables	(16,805)
Note receivable	300,000
Prepaid expenses and other assets	(1,646)
Restricted deposits and funded reserves	(173)
Increase (decrease) in operating liabilities:	
Accounts payable	9,345
Accrued expenses	16,277
Accrued interest	(1,999)
Subsidy received in advance	5,999
Rents received in advance	(167)
Tenant security deposits liability	1,627
NET CASH FLOWS FROM OPERATING ACTIVITIES	<u>1,088,853</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Increase in cash surrender value of officers' life insurance	(24,257)
Proceeds from sale of marketable securities	22,331,559
Proceeds from redemption of preferred stock	100,000
Purchases of marketable securities	(21,516,654)
Purchases of equipment	(344,637)
Funding of restricted deposits and funded reserves	(526,406)
Withdrawal from restricted deposits and funded reserves	563,394
NET CASH FLOWS FROM INVESTING ACTIVITIES	<u>582,999</u>

CASH FLOWS FROM FINANCING ACTIVITIES

Mortgage loan payments	<u>(392,735)</u>
NET INCREASE IN CASH	1,279,117
CASH, BEGINNING OF YEAR	<u>633,398</u>
CASH, END OF YEAR	<u>\$ 1,912,515</u>

See Notes to Financial Statements

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies**

Organization and activities - FMH Foundation (the "Foundation") was incorporated in the State of Illinois in 1948 and is a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code. The Foundation owns and operates three apartment complexes and a cemetery, as discussed below.

During 1992, the Foundation purchased three apartment complexes, all of which are intended primarily for low- and moderate-income elderly tenants and are operated in accordance with regulations prescribed by the Illinois Housing Development Authority ("IHDA"). The three apartment complexes are as follows:

Garden House of Maywood, a 145-unit apartment complex located in Maywood, Illinois, was purchased on June 30, 1992. The Foundation acquired ownership to all the real and personal property, except the land which it leases from Haven Development Associates.

Garden House of River Oaks West Development, a 145-unit apartment complex located in Calumet City, Illinois, was purchased on November 30, 1992.

Skyline Towers Apartments, a 158-unit complex located in Alton, Illinois, was purchased on November 30, 1992.

The Foundation owns 100% of the outstanding common and preferred stock of Randhill Park Cemetery Association, Inc. (the "Association"), a tax-exempt organization under Section 501(c)(13) of the Internal Revenue Code. The investment in the Association is accounted for under the cost method. The Board of Trustees of the Association resolved in 1995 to redeem the shares of preferred stock as soon as a cash surplus becomes available. The board redeemed 1,000 shares, 33.33% of the outstanding preferred stock, in 2013.

The Foundation received a management fee of \$1,572,000 from the Association and the Association's wholly owned subsidiary and dividends of \$16,000 from the Association during 2013.

Classification of net assets - The Foundation is required to report information regarding the nature and amount of its net assets, as well as report donor-restricted activities, if any. Temporarily restricted net assets at December 31, 2013, are available solely for the benefit of the Association, a wholly owned subsidiary.

Basis of presentation - The financial statements are those of the Foundation only; they do not include the consolidation of the Association as required under U.S. generally accepted accounting principles.

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(1) **Summary of significant accounting policies (continued)**

Cash - Cash includes demand deposits and money market accounts.

Investments - The Foundation invests only in equity and debt securities with readily determinable fair values that are traded in active markets ("Level 1"). The corporate stocks and bonds are carried at fair value, as determined by current sales prices or bid and asked quotations on the stock market.

The investment in the common and preferred stock of the Association is accounted for under the cost method of accounting and is not consolidated with the Foundation. If the financial statements of the Association were consolidated with the Foundation, total assets would increase by \$34,778,439, total liabilities would increase by \$5,659,773, and net assets would increase by \$29,118,666 as of December 31, 2013, and as reflected on the statement of activities the increase in unrestricted net assets would be an additional \$3,064,472 for the year then ended.

Unaudited, summarized financial information of the Association for 2013 is as follows:

Total assets	\$ 34,044,418
Total liabilities	5,452,576
Total revenue	8,964,056
Increase in net assets	3,035,567

Property and equipment - Property and equipment are recorded at cost. Major additions and betterments are accounted for as capital additions, while maintenance and repair charges that do not improve or extend the useful lives of assets are expensed.

Amortization - Deferred borrowing costs are loan fees which are being amortized on a straight-line basis over the term of the property mortgage loans.

Costs related to the ground lease on Garden House of Maywood are being amortized on a straight-line basis over the life of the term of the lease.

Depreciation - Assets are being depreciated using the straight-line and accelerated methods over the useful lives of the assets.

Use of estimates - The preparation of financial statements in conformity with U.S. generally accepted accounting principles 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 financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(1) Summary of significant accounting policies (continued)

Asset impairment assessments - The Foundation reviews long-lived assets for impairment whenever events or circumstances indicate that the carrying value of such assets may not be fully recoverable. An impairment is evaluated based on the sum of undiscounted future cash flows expected to result from use of the asset compared to its carrying value. If impairment is recognized, the carrying value of the impaired asset is reduced to its fair value. No impairment was recognized in 2013.

Revenue recognition - The Foundation recognizes rental revenue when it is earned. Management fee income is recognized monthly as earned. Interest income is recognized when earned; dividend income is recognized on the payment date; gains and losses on the sale of investments are recognized on the trade date; and unrealized gains and losses are recognized on a monthly basis.

(2) Marketable securities

Marketable securities at December 31, 2013, consisted of the following:

	<u>Cost</u>	<u>Carrying Value</u>
Corporate stocks	\$ 9,126,342	\$ 9,651,302
Bonds	23,589	31,706
Less deferred options	<u>(49,763)</u>	<u>(61,809)</u>
	<u>\$ 9,100,168</u>	<u>\$ 9,621,199</u>

An unrealized gain of \$632,913 was recognized on the revaluation of securities to market value at December 31, 2013. The carrying value of all the investments is equal to market value.

(3) Long-term debt

Long-term debt consists of the following:

Garden House of Maywood -

In April 2007, proceeds were received from a mortgage note through NorthMarq Capital Inc. in the amount of \$7,200,000. The 5.91% per annum mortgage loan is payable in monthly installments of principal and interest of \$42,752 through May 2017.

\$ 6,548,088

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(3) Long-term debt (continued)

Garden House of River Oaks West Development - In April 2007, proceeds were received from a mortgage note through NorthMarq Capital Inc. in the amount of \$9,125,000. The 5.91% per annum mortgage loan is payable in monthly installments of principal and interest of \$54,182 through May 2017.	\$ 8,298,793
Skyline Towers Apartments - In April 2007, proceeds were received from a mortgage note through NorthMarq Capital Inc. in the amount of \$7,875,000. The 5.91% per annum mortgage loan is payable in monthly installments of principal and interest of \$46,760 through May 2017.	<u>7,161,972</u>
	22,008,853
Less current portion	<u>416,926</u>
Long-term debt	<u>\$ 21,591,927</u>

All of the mortgage loans are nonrecourse debt secured by the related properties.

Following is a schedule of the principal installments due for each of the next four years:

Years Ending December 31,

2014	\$ 416,926
2015	442,607
2016	466,250
2017	20,683,070

Interest expense for the year ended December 31, 2013, is \$1,331,592.

(4) Management agreements

Garden House of Maywood – The Foundation entered into a management agreement on December 1, 2002, with Metroplex, Inc. for the five years ending June 29, 2007, for a monthly fee of 5.55% of gross collections (including all approved payments and/or vacancy loss reimbursements under the Housing Assistance Payments (“HAP”) contract, commercial rent, and fees from concessionaires). In April 2007, the management agreement was amended to automatically renew upon expiration of the original term for successive one-year terms, unless written notice of nonrenewal is given by one party. During 2011, the agreement was amended for the period June 30, 2011, through June 29, 2012, to continue the monthly fee of 5.72% of gross collections. The agreement was similarly amended in both 2012 and 2013 under comparable terms currently through June 29, 2014, with a monthly fee of 5.72% of gross collections. Management fee expense totaled \$94,564 for 2013.

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(4) Management agreements (continued)

Garden House of River Oaks West Development – The Foundation entered into a management agreement on December 1, 2002, with Metroplex, Inc. for the five years ending November 30, 2007, for a monthly fee of 5.3% of gross collections (including all approved payments and/or vacancy loss reimbursement under the HAP contract, commercial rent, and fees from concessionaires). In April 2007, the management agreement was amended to automatically renew upon expiration of the original term for successive one-year terms, unless written notice of nonrenewal is given by one party. During 2011, the agreement was automatically renewed under similar terms with an increased rate to 5.45% for another one-year term through November 2012. During 2012, the agreement was renewed for a one-year term for the period December 2012 through November 2013. During 2013, the agreement was renewed for a one-year term for the period December 2013 through November 2014. Management fee expense totaled \$86,978 in 2013.

Skyline Towers Apartments – Management of the Project was provided by Metroplex, Inc. under an agreement for the period from January 2001 through December 2005, which provided for a management fee of 5.25% of gross collections. The Project received approval from the Foundation in January 2007 for management fees of 5.5% of gross collections to be retroactively effective from January 2006 through December 2010. In April 2007, the management agreement was amended to automatically renew upon expiration of the original term for successive one-year terms, unless written notice of nonrenewal is given by one party. Management fee expense totaled \$74,465 in 2013.

(5) Note receivable

In 2012, the Foundation had an installment note agreement of \$300,000 with a member of the Foundation's board of directors. The agreement provided for interest at 3.25% per year and was due on December 31, 2014. Monthly installments of accrued and unpaid interest were due on February 1, 2012, with successive installments paid on the same day of each month thereafter. The \$300,000 note was fully repaid in February of 2013.

(6) Tenant security deposits

Tenant security deposits guarantee the performance of the lease covenants, are refundable upon termination of leases and are segregated in an interest-bearing account. Interest on these deposits is paid to tenants annually.

(7) Assistance from IHDA and HUD

A contract with the U.S. Department of Housing and Urban Development ("HUD") provides for rental subsidies to the Foundation for units leased to qualified tenants pursuant to Section 8 of the U.S. Housing Act of 1937 and is administered by IHDA.

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(7) Assistance from IHDA and HUD (continued)

The HAP contract terms are as follows:

	<u>Term</u>	<u>Commencing</u>	<u>Renewals</u>
Maywood	5 years	September 1, 1978	7 terms
River Oaks	5 years	January 1, 1980	7 terms
Skyline	5 years	November 1, 1992	4 terms

During 2013, housing assistance payments received were as follows:

Maywood	\$ 1,167,055
River Oaks	1,086,438
Skyline	875,181

(8) Commitments and contingencies

The Foundation entered into an employment agreement, effective January 1, 1995, with its chief financial officer ("CFO") through December 31, 2002, after which time the agreement is for one-year periods. The agreement has been renewed annually and is currently in effect through December 31, 2014. The agreement provides for a minimum annual salary and bonus. The salary will be increased each January by no less than the greater of 5% or increase in the Consumer Price Index.

(9) Leases

The Foundation is renting space in office facilities under a ten-year lease expiring September 14, 2006, which has been extended for two additional five-year terms. The required monthly base rental payment under the lease is \$1,829 through October 31, 2013, with scheduled base rent increases thereafter. Additional rent will be computed annually for the Foundation's proportionate share of real estate taxes and landlord expenses in excess of the base amounts as disclosed in the lease. Rent expense for 2013 was \$23,661 under all operating leases.

Future minimum rents payable under the lease are as follows:

Years Ending December 31,

2014	\$ 22,725
2015	23,407
2016	19,991

In April 2007, Garden House of Maywood amended its ground lease with Haven Development Associates. The annual lease payment is \$275,000 through January 1, 2012, when it increased to \$300,000 through December 31, 2018. As of December 31, 2013, accrued ground lease payable totaled \$231,266.

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NOTES TO FINANCIAL STATEMENTS

(10) Real estate taxes

On March 22, 1995, the River Oaks property received a certificate approving the initial exemption of real estate taxes from the Illinois Department of Revenue ("IDR").

On October 27, 1995, the Maywood property received a certificate approving the initial exemption of real estate taxes from the IDR, effective for the 1993 assessment year.

During 1994, the Skyline property received a certificate approving the initial exemption of real estate taxes.

To preserve their exempt status, the properties must continue to meet the qualifications required by the IDR and an annual certificate of status must be filed by January 31 of the subsequent year. The certificate filings were made for the 2013 assessment year. As the continued receipt of the exemptions is considered probable, no accrual for real estate taxes is provided for.

(11) Concentration of credit risk

There is a concentration of credit risk arising from cash balances in excess of federally insured limits; however, the Foundation places its cash with high credit quality financial institutions.

There is also market risk, which is the risk that the exchange or marketplace could bring to bear upon the fair value of the financial instruments.

(12) Pension plan

The Foundation established an SEP-IRA program for all FMH employees effective January 1, 1997.

The plan provides for an employer contribution for which the level will be set by the board annually. The 2013 contribution level was 25% of each employee's salary, up to a maximum of \$51,000, and amounted to \$171,750.

(13) Classification of expenses

The functional classification of expenses for the year ended December 31, 2013, is as follows:

Program services	\$ 4,479,243
General and administrative	<u>2,150,673</u>
Total	<u>\$ 6,629,916</u>

FMH FOUNDATION

NOTES TO FINANCIAL STATEMENTS

(14) **Concentrations**

The principal asset of each of the apartment complexes is the rental real estate project. The operations are concentrated in the multifamily real estate market. In addition, they operate in a heavily regulated environment. The operations of the complexes are subject to the administrative directives, rules and regulations of federal, state and local regulatory agencies, including, but not limited to, HUD/IHDA. Such administrative directives, rules and regulations are subject to change by an act of Congress or an administrative change mandated by HUD. Such changes may occur with little notice or inadequate funding to pay for the related costs, including the additional administrative burden, to comply with a change.

(15) **Cash flow disclosures**

Interest paid	<u>\$ 1,331,592</u>
Garden House of Maywood:	
Noncash investing and financing activities:	
Fixed asset additions included in accounts payable	<u>\$ 36,720</u>

(16) **Subsequent events**

The Foundation has evaluated subsequent events through April 1, 2014, the date which the financial statements were available to be issued.

Application for Extension of Time To File an Exempt Organization Return

Department of the Treasury
Internal Revenue Service

▶ **File a separate application for each return.**

▶ **Information about Form 8868 and its instructions is at www.irs.gov/form8868.**

- If you are filing for an **Automatic 3-Month Extension**, complete only **Part I** and check this box
- If you are filing for an **Additional (Not Automatic) 3-Month Extension**, complete only **Part II** (on page 2 of this form)

Do not complete Part II unless you have already been granted an automatic 3-month extension on a previously filed Form 8868
Electronic filing (e-file). You can electronically file Form 8868 if you need a 3-month automatic extension of time to file (6 months for a corporation required to file Form 990-T), or an additional (not automatic) 3-month extension of time. You can electronically file Form 8868 to request an extension of time to file any of the forms listed in Part I or Part II with the exception of Form 8870, Information Return for Transfers Associated With Certain Personal Benefit Contracts, which must be sent to the IRS in paper format (see instructions). For more details on the electronic filing of this form, visit www.irs.gov/efile and click on *e-file for Charities & Nonprofits*

Part I Automatic 3-Month Extension of Time. Only submit original (no copies needed).

A corporation required to file Form 990-T and requesting an automatic 6-month extension - check this box and complete Part I only

All other corporations (including 1120-C filers), partnerships, REMICs, and trusts must use Form 7004 to request an extension of time to file income tax returns

	Enter filer's identifying number	
Type or print	Name of exempt organization or other filer, see instructions.	Employer identification number (EIN) or
	FMH FOUNDATION	36-2129183
File by the due date for filing your return. See instructions.	Number, street, and room or suite no. If a P.O. box, see instructions.	Social security number (SSN)
	666 DUNDEE ROAD, NO. 707	
	City, town or post office, state, and ZIP code. For a foreign address, see instructions.	
	NORTHBROOK, IL 60062-2734	

Enter the Return code for the return that this application is for (file a separate application for each return) 01

Application Is For	Return Code	Application Is For	Return Code
Form 990 or Form 990-EZ	01	Form 990-T (corporation)	07
Form 990-BL	02	Form 1041-A	08
Form 4720 (individual)	03	Form 4720 (other than individual)	09
Form 990-PF	04	Form 5227	10
Form 990-T (sec. 401(a) or 408(a) trust)	05	Form 6069	11
Form 990-T (trust other than above)	06	Form 8870	12

MELVIN J. KLEIN

• The books are in the care of ▶ **666 DUNDEE, SUITE 707 - NORTHBROOK, IL 60062-2734**
 Telephone No ▶ **847-714-1155** Fax No ▶ _____

- If the organization does not have an office or place of business in the United States, check this box
- If this is for a Group Return, enter the organization's four digit Group Exemption Number (GEN) _____. If this is for the whole group, check this box . If it is for part of the group, check this box and attach a list with the names and EINs of all members the extension is for

1 I request an automatic 3-month (6 months for a corporation required to file Form 990-T) extension of time until **AUGUST 15, 2014**, to file the exempt organization return for the organization named above. The extension is for the organization's return for calendar year **2013** or tax year beginning _____, and ending _____

2 If the tax year entered in line 1 is for less than 12 months, check reason: Initial return Final return Change in accounting period

3a If this application is for Forms 990-BL, 990-PF, 990-T, 4720, or 6069, enter the tentative tax, less any nonrefundable credits. See instructions.	3a	\$	0.
b If this application is for Forms 990-PF, 990-T, 4720, or 6069, enter any refundable credits and estimated tax payments made. Include any prior year overpayment allowed as a credit.	3b	\$	0.
c Balance due. Subtract line 3b from line 3a. Include your payment with this form, if required, by using EFTPS (Electronic Federal Tax Payment System). See instructions.	3c	\$	0.

Caution. If you are going to make an electronic funds withdrawal (direct debit) with this Form 8868, see Form 8453-EO and Form 8879-EO for payment instructions