

**THE DECRO GROUP**  
**CONSOLIDATED FINANCIAL STATEMENTS**  
**AND SUPPLEMENTARY INFORMATION**  
**December 31, 2017**

## THE DECRO GROUP

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HOFFMAN • SHORT  
RUBIN • DEWINTER • SANDERSON

AN ACCOUNTANCY CORPORATION WWW.HSRDSCPAS.COM

JOANNE HOFFMAN, CPA, CFE, MBA  
JIM SHORT, CPA.CITP, CVA  
CRAIG R. RUBIN, CPA

ANEELA DEWINTER, CPA  
JOANN G. SANDERSON, CPA/PFS  
DALE L. MONTGOMERY, CPA/EMERITUS

## INDEPENDENT AUDITORS' REPORT

### To the Board of Directors The Decro Group

### Report on the Financial Statements

We have audited the accompanying consolidated financial statements of **The Decro Group (the 'Group')**, which comprise the consolidated statement of financial position as of **December 31, 2017**, and the related consolidated statements of activities and cash flows for the year then ended, and the related notes to the consolidated financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated 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 consolidated 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 consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated 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 Group's internal control. Accordingly, we express no such opinion. An audit 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 consolidated financial statements.

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

## Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of The Decro Group as of December 31, 2017, 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.

## Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying supplementary consolidating information shown on pages 14 to 16 is presented for purposes of additional analysis, and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

*Hoffman, Short, Rubin, DeWinter, Sanderson*

**HOFFMAN, SHORT, RUBIN, DEWINTER, SANDERSON  
AN ACCOUNTANCY CORPORATION**

**Covina, California  
July 19, 2018**

THE DECRO GROUP

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31, 2017

ASSETS

**CURRENT ASSETS**

Cash	\$ 5,649,526
Accounts receivable	113,605
Prepaid expenses	19,011
<b>Total Current Assets</b>	<b>5,782,142</b>

**OTHER ASSETS**

Property and equipment, net of accumulated depreciation of \$1,612 (Note 2)	17,601
Predevelopment costs (Note 3)	91,786
Funds in escrow (Note 4)	255,000
Deposits	1,260
Due from Decro Nordhoff, L.P. (Note 5)	23,400
Note receivable (Note 6)	1,659,472
Investment in Saticoy Apartments (Notes 1 and 8)	608,148
Investment in partnerships and LLC, net (Notes 1, 2 and 7)	503,248
<b>Total Other Assets</b>	<b>3,159,915</b>
<b>Total Assets</b>	<b>\$ 8,942,057</b>

LIABILITIES AND NET ASSETS

**CURRENT LIABILITIES**

Accounts payable	\$ 347,050
Accrued payroll taxes	3,320
Accrued expenses	9,518
<b>Total Current Liabilities</b>	<b>359,888</b>

**NET ASSETS**

<b>Total Liabilities and Net Assets</b>	<b>\$ 8,942,057</b>
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The accompanying Notes to Financial Statements  
are an integral part of these statements