

AUDIT COMMITTEE REPORT
REGULAR MEETING
MONDAY, MAY 11, 2015, AT 2:00 P.M.

A regular meeting of the Audit Committee was convened by the Chairman, Paul Rosenzweig, at 2:00 p.m. on Monday, May 11, 2015, in the Board Room at Gateway Complex.

Present, in addition to the Chairman, were David L. Cutter, Kenneth W. Haley, Mary K. Neff, and Sheldon Solloway. Sherwin L Schwartz and Devon Olson were absent. Also attending were Leslie Birdsall, President, and Richard E. Hurley, Director, GRF; Warren T. Salmons CEO; Richard S. Chakoff, CFO; and Anthony W. Grafals, General Counsel. Attendance

There were no speakers during the Residents' Forum. Residents' Forum/

The report of the Committee's meeting held on April 28, 2015, was approved. Report Approved/
The Chairman distributed copies of correspondence received from a GRF Director and the Chairman's response. Chairman's Report

The Committee then discussed the "Management Letter" dated April 6, 2015 from GRF's auditors, Burr Pilger Mayer, Inc. (BPM) that had not been discussed with the Committee before issuance. Mr. Chakoff reported that he has since spoken with Scott Taylor of BPM about the oversight, and Mr. Chakoff went on to comment on the several journal entries contained in the letter. Management Letter Discussion

The Committee then discussed, with the CEO, CFO and General Counsel, the internal controls and policies regarding conflict of interest in place. Internal Controls Discussion/

Mr. Solloway then moved that the Committee formally endorse the Chairman's response to the GRF Director, as distributed earlier in the meeting, and the motion CARRIED UNANIMOUSLY. Chairman's Response Endorsed

There being no further business to come before the Committee, the meeting was adjourned at 3:15 p.m. Adjournment



Paul Rosenzweig, Chairman
Audit Committee