OLIVER GARDENS LDHA LIMITED PARTNERSHIP
(A Michigan Limited Partnership)

MSHDA Development No. 3007

Financial Statements
With Independent Auditor's Report

December 31, 2009 and 2008

- CONTENTS -

PARTNERS' CERTIFICATION

I hereby certify that I have examined the accompanying financial statements and supplemental data of Oliver Gardens LDHA Limited Partnership, MSHDA Development No. 3007, and to the best of my/our knowledge and belief, they represent a true statement of the data set forth therein for the year ended December 31, 2009.

Patricia Baines-Lake
Name of Managing General Partner Representative
(Please type or print)

Managing General Partner Representative
(Signature)

March 25, 2010
Date

Officer (Signature)

Date

Officer (Signature)

Date

20-4533000
Partnership Employer Identification Number

McCartney & Company, P.C.
Certified Public Accountants
2121 University Park Drive,
Suite 150 • Okemos, Michigan 48864
Telephone (517) 347-5000
Fax (517) 347-5007

James E. McCartney, CPA
Jeffery A. Irwin, CPA
Edward B. Rebman, CPA
Susan J. Schanski, CPA

To the Partners of
Oliver Gardens LDHA Limited Partnership
Lansing, Michigan

Independent Auditor's Report

We have audited the accompanying balance sheets of Oliver Gardens LDHA Limited Partnership (a Michigan limited partnership), MSHDA Development No. 3007, as of December 31, 2009 and 2008, and the related statements of operations, partners' equity and cash flows for the years then ended. These financial statements are the responsibility of the Partnership's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oliver Gardens LDHA Limited Partnership, MSHDA No. 3007, as of December 31, 2009 and 2008, and the results of its operations and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards,* we have also issued a report dated March 25, 2010, on our consideration of Oliver Gardens LDHA Limited Partnership's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information of Oliver Gardens LDHA Limited Partnership, MSHDA No. 3007, on pages 13 - 17 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. This additional information is the responsibility of the Partnership's management. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

McCartney & Company, P.C.
Certified Public Accountants

Okemos, Michigan
March 25, 2010

Oliver Gardens LDHA Limited Partnership

Balance Sheets
As of December 31, 2009 and 2008

ASSETS

	2009	2008
Current Assets		
Unrestricted Cash:		
Operating Cash	$ 34,025	$ 74,071
Total Unrestricted Cash	34,025	74,071
Restricted Cash:		
Security Deposit	4,191	-0-
Operating Assurance	78,980	74,207
Replacement Reserve	15,069	6,300
ORC	5,668	1,305
Property Taxes	7,108	8,154
Insurance	9,156	2,940
Total Restricted Cash	120,172	92,906
Prepaid Expenses	2,187	2,187
Total Current Assets	156,384	169,164
Investment in Rental Property		
Land	685,162	685,162
Buildings	2,598,659	2,598,659
Site Improvements	719,826	719,826
Furniture and Equipment	171,989	171,989
Total Investment in Rental Property	4,175,636	4,175,636
Less: Accumulated Depreciation	520,680	331,617
Net Investment in Rental Property	3,654,956	3,844,019
Other Assets		
Tax Credit Fees, net of amortization	11,133	12,061
Compliance Fees, net of amortization	7,200	7,800
Loan Fees, net of amortization	42,171	43,469
Total Other Assets	60,504	63,330
Total Assets	$ 3,871,844	$ 4,076,513

LIABILITIES AND PARTNERS' EQUITY

		2009		2008
Current Liabilities				
Accounts Payable:				
Trade	$	1,547	$	-0-
Trade - Due to Management Company		100,118		54,814
Management Fees		10,873		16,895
Other		2,243		-0-
Prepaid Rent		278		-0-
Current Portion of Long-Term Debt		21,000		18,400
Development Costs Payable		448,729		486,159
Accrued Mortgage Interest		11,255		10,500
Accrued Property Taxes		16,914		16,914
Security Deposits		4,191		4,112
Total Current Liabilities		617,148		607,794
Long-Term Liabilities				
Long-Term Loans:				
MSHDA Mortgage Loan		1,718,554		1,741,158
Lansing HOME Mortgage Loan		170,000		170,000
Lansing CDGB Note Payable		550,000		550,000
Note Payable - Partner		300,133		300,135
Total Long-Term Loans		2,738,687		2,761,293
Total Other Long-Term Liabilities				
Deferred Interest		31,708		22,956
Total Long-Term Liabilties		2,770,395		2,784,249
Partners' Equity				
General Partner's Equity		(51)		(31)
Limited Partner's Equity		484,352		684,501
Total Partners' Equity		484,301		684,470
Total Liabilities and Partners' Equity	$	3,871,844	$	4,076,513

The accompanying notes are an integral part of these financial statements.

Oliver Gardens LDHA Limited Partnership

Statements of Operations
For the Years Ended December 31, 2009 and 2008

	2009	2008
Revenue		
Rental Income:		
Apartments	$ 79,872	$ 83,497
Resident Assistance Payments	165,495	160,508
Total Rent Potential	245,367	244,005
Vacancy Loss:	(1,412)	-0-
Net Rental Income	243,955	244,005
Other Income:		
Interest Income	6,576	37,040
Other	-0-	1,518
Total Revenue	250,531	282,563
Expenses		
Administration	11,879	1,429
Management Fees		
Development's Operating Account	12,449	12,449
Contract Labor	17,715	10,725
Auditing	8,120	5,205
Operating & Maintenance	33,193	28,059
Utilities	54,481	62,669
Depreciation & Amortization	191,889	220,736
Property Taxes	16,914	17,812
Insurance	7,079	3,645
Interest	96,981	94,146
Total Expenses	450,700	456,875
Net Loss	$ (200,169)	$ (174,312)

The accompanying notes are an integral part of these financial statements.

Oliver Gardens LDHA Limited Partnership

Statements of Partners' Equity
For the Year Ended December 31, 2009 and 2008

	Total	Partners' Contributions	Accum. Cash Dist. to Partners	Accumulated Gains (Losses)
Balance at January 1, 2008	$ 783,225	$ 924,890	$ -0-	$ (141,665)
Capital Contributions	75,557	75,557	-0-	-0-
Net Loss	(174,312)	-0-	-0-	(174,312)
Balance at December 31, 2008	684,470	1,000,447	-0-	(315,977)
Net Loss	(200,169)	-0-	-0-	(200,169)
Balance at December 31, 2009	$ 484,301	$ 1,000,447	$ -0-	$ (516,146)

The accompanying notes are an integral part of these financial statements.

Oliver Gardens LDHA Limited Partnership

Statements of Cash Flows
For the Years Ended December 31, 2009 and 2008

		2009		2008
Cash Flows from Operating Activities				
Net Loss	$	(200,169)	$	(174,312)
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities:				
Depreciation and Amortization		191,889		220,736
Deferred Interest		8,752		22,956
Changes in Operating Assets and Liabilities:				
Accounts Receivable		-0-		980
Prepaid Expenses		-0-		(2,187)
Accounts Payable		5,640		22,600
Prepaid Rent		278		-0-
Accrued Mortgage Interest		755		(17,440)
Accrued Property Taxes		-0-		10,714
Security Deposits		79		-0-
Net Cash Flows Provided by Operating Activities		7,224		84,047
Cash Flows from Investing Activities				
Restricted Cash		(27,266)		(19,330)
Increase in Development Costs Payable		-0-		347,281
Net Cash Flows Provided (Used) by Investing Activities		(27,266)		327,951
Cash Flows from Financing Activities				
Partner Contributions		-0-		75,557
Proceeds from Mortgage		-0-		29,499
Payments on Long-term Borrowings		(20,004)		(569,542)
Net Cash Flows Used by Financing Activities		(20,004)		(464,486)
Net Decrease in Unrestricted Cash		(40,046)		(52,488)
Cash - Unrestricted - Beginning of Year		74,071		126,559
Cash - Unrestricted - End of Year	$	34,025	$	74,071

The accompanying notes are an integral part of these financial statements.

Notes to Financial Statements

1. Organization

Oliver Gardens LDHA Limited Partnership was organized in 2005 under the laws of the State of Michigan to develop, own, and operate a 30-unit rental housing project located in Lansing, Michigan, for senior persons of low and moderate income. The duration of the lease agreements is generally one year and is paid in monthly installments. The Partnership has one general partner, Oliver Gardens, LLC, and one limited partner, National Equity Fund Assignment Corporation.

Operating profits and losses and cash distributions from operations are allocated to the limited partner and to the general partner. Profit or loss, capital ownership, and cash distributions from sales of property will be allocated as formulated in the Partnership Agreement as follows:

Per Partnership Agreement	Limited Partner	General Partner	Total
Allocation of operating profits and losses	99.99%	0.01%	100.00%
Allocation of tax credits	99.99%	0.01%	100.00%
Allocation of capital ownership	99.99%	0.01%	100.00%

This project is financed in part by a Michigan State Housing Development Authority (MSHDA) mortgage loan. The rental charges are regulated as specified by MSHDA.

2. Significant Accounting Policies

Basis of Accounting

The Partnership utilizes the accrual method of accounting whereby revenues are recognized as earned and expenses are recognized when the obligation is incurred. Rent amounts received in advance are recorded as a liability under "Prepaid Rent."

Cash

Cash consists of cash on deposit and short-term investments with maturities of three months or less. The Company's cash accounts are subject to the Federal Deposit Insurance Corporation (FDIC) insurance limit of $250,000 per financial institution. This limit has been temporarily increased, from $100,000, until December 31, 2013. At various times during the year, the Partnership's cash account balances may exceed this amount in the normal course of business.

Taxes on Income

The Partnership is a pass-through entity for income tax purposes and, as such, is not subject to income taxes. The Partnership's federal tax status as a pass-through entity is based on its legal status as a partnership. The Partnership is required to file tax returns with the Internal Revenue Service and other taxing authorities. Accordingly, these financial statements do not reflect a provision for income taxes and the Partnership has no other tax positions which must be considered for disclosure.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

2. Significant Accounting Policies (Continued)

Allowance for Uncollectibles

The Partnership writes off rent receivables as they are determined to be uncollectible based upon a periodic review of the accounts by management. Accounting principles generally accepted in the United States of America require that the allowance method be used to recognize bad debts; however, the effect of using the direct write-off method is not materially different from the results that would have been obtained under the allowance method.

Properties and Depreciation

Land, buildings, and improvements are recorded at cost. Improvements are capitalized and expenditures from maintenance and repairs are charged to expense as incurred. Upon disposal of depreciable property, the appropriate property accounts are reduced by the related costs and accumulated depreciation. The resulting gains and losses are reflected in the statement of operations. The rental property is depreciated over estimated service lives as follows:

	Useful Service Life	Depreciation Method
Buildings	27.5 years	Straight-line
Site Improvements	15 years	Accelerated Methods
Furniture and Equipment	5 years	Accelerated Methods

Depreciation expense was $189,063 and $217,917 for 2009 and 2008, respectively.

Other Assets

Other assets consist of intangible costs which are being amortized on a straight-line basis commencing in January and July, 2007.

These assets are summarized as follows as of December 31, 2009:

			As of December 31, 2009		
Type	Amortization Period	Basis	Accumulated Amortization	Net Value	2009 Expense
Tax Credit Fees	15 years	$ 13,917	$ 2,784	$ 11,133	$ 928
Compliance Fees	15 years	9,000	1,800	7,200	600
Loan Fees	35 years	45,415	3,244	42,171	1,298
		$ 68,332	$ 7,828	$ 60,504	$ 2,826

2. Significant Accounting Policies (Continued)

These assets are summarized as follows as of December 31, 2008:

Type	Amortization Period	Basis	As of December 31, 2008 Accumulated Amortization	Net Value	2008 Expense
Tax Credit Fees	15 years	$ 13,917	$ 1,856	$ 12,061	$ 928
Compliance Fees	15 years	9,000	1,200	7,800	600
Loan Fees	35 years	45,415	1,946	43,469	1,291
		$ 68,332	$ 5,002	$ 63,330	$ 2,819

The total estimated amortization expense for the following five years is $2,819 annually.

3. Cash and Escrow Accounts

Tenant Security Deposits

Under the terms of the regulatory agreement and state law, security deposits are required to be held in a separate bank account. The balance of this account is offset by an equal liability.

Development Cost Escrows and Replacement Reserve

Under the provisions of the mortgage agreement with MSHDA, the Partnership is required to transfer certain amounts of cash into multiple escrow and reserve accounts. Monthly payments are computed using expected future costs or a given rate per the mortgage agreement multiplied by the annual gross rent. These reserves are restricted as to their use based on the applicable regulatory documents.

The activity in the restricted cash accounts for the year ended December 31, 2009 was as follows:

	Balance at 1/01/2009	Deposits	Interest Earned	Payments from Escrow	Balance at 12/31/2009
Security Deposit	$ -0-	$ 4,191	$ -0-	$ -0-	$ 4,191
Operating Assurance	74,207	-0-	4,773	-0-	78,980
Replacement Reserve	6,300	8,100	669	-0-	15,069
ORC	1,305	4,279	84	-0-	5,668
Property Taxes	8,154	15,147	721	(16,914)	7,108
Insurance	2,940	5,838	378	-0-	9,156
Total	$ 92,906	$ 37,555	$ 6,625	$ (16,914)	$ 120,172

3. Cash and Restricted Cash (Continued)

Escrow and Reserve Accounts (Continued)

The activity in the restricted cash accounts for the year ended December 31, 2008 was as follows:

	Balance at 1/01/2008	Deposits	Interest Earned	Payments from Escrow	Balance at 12/31/2008
Operating Assurance	$ 73,576	$ -0-	$ 631	$ -0-	$ 74,207
Replacement Reserve	-0-	6,250	50	-0-	6,300
Deposits with MSHDA	-0-	1,298	7	-0-	1,305
Property Taxes	-0-	8,094	60	-0-	8,154
Insurance	-0-	2,916	24	-0-	2,940
Total	$ 73,576	$ 18,558	$ 772	$ -0-	$ 92,906

4. Real Estate Tax Escrow

The Partnership entered into an agreement with the City of Lansing, in Ingham County, Michigan, for payments in lieu of taxes (PILOT). Real estate taxes will be accrued annually based on 10% of the net of 95% of collected rental income less utility expenses. This program is expected to continue for the life of the mortgage.

5. Long-Term Debt

Long-term debt is summarized as follows at December 31:

	2009	2008
MSHDA Mortgage Loan	$ 1,739,554	$ 1,759,558
Lansing HOME Mortgage Loan	170,000	170,000
Lansing CDGB Note Payable	550,000	550,000
Note Payable - Partner	300,133	300,135
Less: Current Portion	(21,000)	(18,400)
Total Long-Term Debt	$ 2,738,687	$ 2,761,293

The Partnership secured construction financing from MSHDA through a development note of $2,400,090. In 2008, the development note converted to a permanent mortgage of $1,775,482 with an amortization period of thirty-five years and bears interest at a rate of 5.5%. Although interest is accrued at 5.5%, an amount equal to 0.5% is deferred until the principal portion of the mortgage is paid in full. Monthly payments of principal and interest are approximately $9,000. The note is secured by land and substantially all real property owned by the Partnership.

The MSHDA loan imposes certain conditions on the Partnership including, among others, prescribed operating policies, use of the housing, and prevention of any other liens of encumbrances on the property. In addition, distributions are limited to surplus costs as defined in the regulatory agreement.

The Partnership acquired two loans from the City of Lansing and a loan from the Lansing Housing Commission, all of which bear interest at 1%. These notes have a forty-year term and are to be paid from available cash flow. No payments were made in 2009 or 2008.

5. Long-Term Debt (Continued)

In 2009 and 2008, cash paid for interest was $87,474 and $88,630, respectively.

The approximate aggregate amounts of principal payments due for the next five years are estimated as follows:

2010	$ 21,000
2011	22,100
2012	23,200
2013	24,400
2014	25,700

6. Related Party Transactions

LHC Non-Profit Development Corp. is the developer for the project and will earn developer fees of $561,993. Approximate related party transactions are summarized as follows:

Relationship	Brief Description of Work/Services Performed	General Ledger Account	Partnership or Operating Account	2009 Transaction Amount	2008 Transaction Amount	Terms of Settlement
Affiliate of General Partner	Services related to development of project	Develop. fees payable	Partnership	$-0-	$-0-	Deferred

Lansing Housing Commission (LHC), the management company, advanced the Partnership funds to cover certain operational costs in addition to issuing a note payable (see Note 5). LHC also provides management and payroll and benefit services to the Partnership. Approximate related party transactions are summarized as follows:

Relationship	Brief Description of Work/Services Performed	General Ledger Account	Partnership or Operating Account	2009 Transaction Amount	2008 Transaction Amount	Terms of Settlement
Affiliate of General Partner	Expenses paid on behalf of the Partnership	A/P - Due to Mgmt Company	Operating	$7,900	$10,200	Deferred
Affiliate of General Partner	Receipt (Payment) of funds	Note Payable - Partner	Operating	$-0-	$29,500	Deferred
Affiliate of General Partner	Management services	Manage-ment Fees	Operating	$18,500	$12,500	Current
Affiliate of General Partner	Payroll and benefit services	Contract Labor	Operating	$17,700	$8,900	Current

7. Commitments and Contingencies

For tax return purposes, any change in ownership prior to the expiration of the 15-year low-income tax credit period, which expires in 2022, would result in a potential recapture of a portion of previously claimed low-income tax credits. In addition, failure to rent the units to qualified tenants, as defined in Section 42 of the Internal Revenue Code and the regulatory agreement between the Partnership and MSHDA, could also result in recapture of a portion of previously claimed low-income credits. Rents are restricted to amounts as determined by MSHDA.

8. Current Vulnerability due to Certain Concentrations

The Partnership's sole asset is a 30-unit apartment project located in Lansing, Michigan. The project operates in a highly regulated environment. The operations of the project are subject to administrative directives, rules and regulations of federal and state agencies, including, but not limited to MSHDA. Such administrative directives, rules and regulations are subject to legislative changes by appropriate bodies or administrative changes by the regulatory agencies, including MSHDA. Such changes may occur with little notice or inadequate funding to pay the related cost, including the additional administrative burden, to comply with a change.

9. Reclassification

Certain items in the 2008 financial statements have been reclassified to conform to the current year's presentation. These reclassifications have no impact on previously reported net income or partners' equity.

10. Subsequent Events

The date to which events occurring after December 31, 2009 have been evaluated for possible adjustment to the financial statements or disclosure is March 25, 2010, which is the date on which the financial statements were available to be issued.

- Supplemental Data -

Oliver Gardens LDHA Limited Partnership
Supplemental Information

Schedule of Unadjusted Items as of December 31, 2009

Description of Variances	Amount of Over/(Under) Statement
None noted	

Schedule of Unadjusted Items as of August 31, 2009

Description of Variances	Amount of Over/(Under) Statement
None noted	

Other Non-Compliance Issues

Identity of Interest disclosure forms were not completed.

Oliver Gardens LDHA Limited Partnership
Supplemental Information

Trade Accounts Payable/Accrued Liabilities/Surcharges and Other Short-Term Liabilities Reconciliation as of December 31, 2009

Trade Accounts Payable/Accrued Liabilities/Surcharges per the December MIE:	$	46,218
Operating Trade Accounts Payable/Accrued Liabilities/Surcharges per the Balance Sheet:		
Trade Accounts Payable		1,547
Trade – Due to Management Company		100,118
Management Fees Payable		10,873
Other		2,243
Total Operating Trade Accounts Payable/Accrued Liabilities/Surcharges per the Balance Sheet as of December 31, 2009		114,781
Variance	$	68,563
Percentage Variance		59.73%

Trade Accounts Payable/Accrued Liabilities/Surcharges and Other Short-Term Liabilities Reconciliation

Balance per the December MIE	$	46,218
Reclassification of long-term to current, amounts due to Management Company		37,430
Reconciling items:		
Amounts not reported as Trade Accounts Payable on the MIE		
Misc. vendor invoices under $1,000 each		8,029
Management fees		10,873
Amounts not reported as Accrued Liabilities on the MIE		
Lansing Housing Commission		9,988
Consumers Energy		2,243
Balance per the Balance Sheet as of December 31, 2009	$	114,781

Amounts not recorded as trade accounts payable and accrued liabilities on the MIE consist of amounts for which an invoice had not yet been received at the time the December 31, 2009 MIE was completed.

OLIVER GARDENS MSHDA NO. 3007

SCHEDULE I
FUNDS AVAILABLE FOR DISTRIBUTION
December 31, 2009

SECTION 1			
1	Operating Cash	$ 34,025	
2	MSHDA-Held Operating Reserve Account	5,668	
3	Other Non-Restricted Cash Reserve Accounts	-0-	
4	TOTAL AVAILABLE CASH (PER AUDIT)		$ 39,693
SECTION 2			
ADD:			
5	Resident Rent Receivable	$ -0-	
6	Other Resident Charges	-0-	
7	Non-Resident Receivable	-0-	
8	Unadjusted Items-Accounts Receivable	-0-	
9	Subsidy Receivable	-0-	
10	Development Cost Escrow Interest	-0-	
11	Tax/Insurance Escrow Surplus (Deficit)	13,387	
12	Escrow Draws Receivable	-0-	
13	TOTAL ADDITIONS		$ 13,387
14	TOTAL CASH AND ADDITIONS		53,080
SECTION 3			
DEDUCT:			
15	Trade Accounts And Surcharges Payable, Accrued Expenses Liabilities And Other Short-term Operating Liabilities	$ 114,781	
16	Subsidy Payable	-0-	
17	Unadjusted Items-Liabilities	-0-	
18	Unused Authorized Section 236 Excess Income	-0-	
19	Unapproved Section 236 Excess Income Payable to HUD	-0-	
20	Authorized Section 236 Excess Income Payable to HUD	-0-	
21	Approved Undisbursed Limited Dividend (L.D.) Payments	-0-	
22	Prepaid Rent/Unearned Rental Income	278	
23	Delinquent Mortgage Principal Payments or Deferred Mortgage Principle Payment as a Result of Mortgage Workout	-0-	
24	Delinquent Interest Payment or Deferred Mortgage Interest Payment as a Result of Mortgage Workout	-0-	
25	R/R Deferrals, Delinquent MSHDA Loans/ Grants	-0-	
26	Security Deposit Not Funded (Over Funded)	-0-	
27	One Month's Gross Rent Potential	21,228	
28	TOTAL DEDUCTIONS		$ 136,287

29	**SURPLUS FUNDS** (LINE 14 MINUS LINE 28). Insert the actual amount even if it is negative.		$ (83,207)

SECTION 4

30	Replacement Reserve Needs	$ -0-	
31	Subtotal (Line 29 minus Line 30)	(83,207)	
32	Amenity Improvement/Deferred Maintenance Loan	-0-	
33	Subtotal (Line 31 Minus Line 32)	(83,207)	
34	Amount of Workout Repayment Obligations	-0-	
35	Subtotal (Line 33 Minus Line 34)	(83,207)	
36	Amount of MSHDA Subsidy Repayment Obligations	-0-	
37	Subtotal (Line 35 Minus Line 36)	(83,207)	

NOTE: Complete Line 38 for Duvernay Park #1039; Line 39 for The Depot #971; Line 40 for Maplewood Manor #3180; all others go to Line 42.

38	**DUVERNAY PARK -** Surplus cash to be distributed to replacement reserve. (Line 37 if positive, if negative enter -0-)	-0-	
39	**THE DEPOT -** Surplus cash to be distributed to deferred interest (25% of Line 37, if negative enter -0-)	-0-	
40	**MAPLEWOOD MANOR -** 25% of Outstanding Balance of Preservation Fund Loan	-0-	
41	**MAPLEWOOD MANOR -** Surplus cash to be distributed to Preservation Fund Loan (Less of Line 37 or Line 40, if Line 37 negative enter -0-)	-0-	
42	**SURPLUS FUNDS AVAILABLE FOR DISTRIBUTION (LINE 37 MINUS LINES 38, 39 AND 41)**		$ (83,207)
43	Current Years Maximum Potential L.D. Payment		$ 149,614

NOTE: Complete Lines 44 through 48 only for developments with MSHDA HOME Loans; all others go to Line 49.
Excluding Orianna Ridge #1074, Research Park #300 and Rosewood Park #1022, which have no HOME loans due from surplus cash.

SECTION 5

44	HOME Loan Repayment – Step 1	$ -0-	
45	HOME Loan Repayment – Step 2	-0-	
46	Outstanding Balance of MSHDA HOME Loan	-0-	
47	Amount to Be Repaid on MSHDA HOME Loan, if negative enter -0-	-0-	
48	Net Potential L.D. Payment (Line 44 Minus Line 47)	-0-	
49	Subtotal (Line 42 minus Line 43; or Line 42 minus the Sum of Line 47 and Line 48 for HOME loan recipiants)		$ (232,821)
50	Sum of Lines 2 and 10	$ 5,668	
51	**OPERATING RESERVE CASH TO BE SUBMITTED TO MSHDA:** DEDUCT LINE 50 FROM LINE 49. If LINE 49 is negative, insert "0".		$ -0-

SECTION 6

SUMMARY OF CHECKS AND/OR MSHDA-HELD RESERVE TRANSFERS DUE:

A SEPARATE CHECK AND/OR MSHDA-HELD RESERVE TRANSFER REQUEST MUST BE SUBMITTED FOR EACH AMOUNT REPORTED ON LINES 52 THROUGH 61 WITHIN 120 DAYS AFTER THE DEVELOPMENT'S YEAR-END. PLEASE INDICATE THE PURPOSE ON EACH CHECK OR MSHDA-HELD RESERVE TRANSFER REQUEST. FAILURE TO COMPLY WITH THIS REQUEST WILL AFFECT THE MANAGEMENT AGENT'S ELIGIBILIGY FOR PREMIUM MANAGEMENT FEES.

52	The amount from Line 11, if a deficit (Tax/Insurance Escrow)	$ -0-
53	The lesser of Line 31 or Line 32-Amenity Improvement/Deferred Maintenance Loan (If Line 31 is negative, insert "0")	$ -0-
54	The lesser of Line 33 or Line 34-Workout Repayment Obligations (If Line 33 is negative, insert "0")	$ -0-
55	The lesser of Line 35 or Line 36-MSHDA Subsidy Repayment Obligations (If Line 35 is negative, insert "0")	$ -0-
56	The amount from Line 47 (MSHDA HOME Loan)	$ -0-
57	The amount from Line 51 (Operating Reserve Cash)	$ -0-
58	The lesser or Line 29 or Line 30-Replacement Reserve Needs (If Line 29 is negative, insert "0").	$ -0-
59	The amount from Line 38 (Replacement Reserve)	$ -0-
60	The amount from Line 39 (Deferred Interest)	$ -0-
61	The amount from Line 41 (Preservation Fund Loan)	$ -0-

OLIVER GARDENS MSHDA NO.3007

SCHEDULE II
FUNDS AVAILABLE FOR DISTRIBUTION
December 31, 2009

1.	OWNER INITIAL EQUITY		$ 1,150,880
1a.	SECTION 8/236 PRESERVATION		$ -0-
2.	MAXIMUM L.D. PAYMENT:		$ 149,614
3.	CUMULATIVE %	13%	$ 149,614
4.	NON-CUMULATIVE %	0%	$ -0-
	CUT-OFF DATE:	February 11, 2008	

5. SALE/PRESERVATION TRANSACTION
CLOSING DATE:

I. YEAR OF OPERATION	II. SURPLUS FUNDS AVAILABLE FOR DISTRIBUTION	III. POTENTIAL L.D.	IV. L.D./HOME LOAN PAID	V. CARRY FORWARD
2008	(31,528)	122,592	0	122,592
2009	(83,207)	149,614	0	272,206

McCartney & Company, P.C.
Certified Public Accountants
2121 University Park Drive,
Suite 150 • Okemos, Michigan 48864
Telephone (517) 347-5000
Fax (517) 347-5007

James E. McCartney, CPA
Jeffery A. Irwin, CPA
Edward B. Rebman, CPA
Susan J. Schanski, CPA

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

To the Partners of
Oliver Gardens LDHA Limited Partnership
Lansing, Michigan

We have audited the financial statements of Oliver Gardens LDHA Limited Partnership (the "Partnership"), MSHDA Development No. 3007, as of and for the year ended December 31, 2009, and have issued our report thereon dated March 25, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

> Through April 2009, there was little, if any, oversight or review of the Partnership's financial statements and account reconciliation on a routine and regular basis. Supporting schedules and reconciliation of accounts were not prepared on a timely basis and were often incomplete.
>
> During May and June of 2009, new personnel were brought in and management is trying to resolve the above noted issues.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Oliver Gardens LDHA Limited Partnership's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, including compliance with specific provisions of the MSHDA Regulatory Agreement and MSHDA Directives and procedures included in the MSHDA Multifamily Annual Audit Guidelines, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed the following instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards.*

1. No Identity of Interest forms were filed. Management plans to correct this in 2010.

2. We have compared the December 31, 2009 Monthly Income and Expenditure Report submitted to MSHDA with selected balances in the financial statements for the year then ended audited by us and covered by our report dated March 25, 2010. The account balances tested, set forth therein, are in material agreement (defined by MSHDA as differences not exceeding 10% and $1,000), except as noted on page 14 of this report.

A management letter was issued in relation to our audit of the financial statements of Oliver Gardens LDHA Limited Partnership as of and for the year ended December 31, 2009.

This report is intended solely for the information and use of management, the Partners, others within the entity, and the Michigan State Housing Development Authority, and is not intended to be and should not be used by anyone other than these specified parties.

McCartney & Company, P.C.
Certified Public Accountants

Okemos, Michigan
March 25, 2010